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NEWS SUMMARY

GENERAL

African States summit today

The five African frontline states are to hold a summit meeting in Lusaka today following a series of contacts between the principals in the Rhodesia dispute in Nairobi, where world leaders attended President Kenyatta's funeral.

Dr. David Owen, UK Foreign Secretary, and Mr. Andrew Young, U.S. ambassador to the UN, talked in Nairobi late last night but they will not be attending the Lusaka summit.

Meanwhile, the Rev. Sithole's ZANU party claimed in Salisbury that Mr. Ian Smith had met President Kaunda and Mr. Joshua Nkomo, Patriotic Front leader, at secret talks in Zambia two weeks ago. Back Page

Prince Charles turned his back on President Amin as the Ugandan leader passed down a line of visiting heads of state at President Kenyatta's funeral. Amin gazed at the Royal back for a few seconds, then walked away.

Vaccine muddle

The World Health Organisation told countries there was no need to alter vaccination requirements in spite of the Birmingham smallpox case. A number of countries which had demanded certificates from UK citizens later withdrew the requirement.

Express launch

Express Newspapers confirmed that it would launch a tabloid daily based in Manchester as soon as agreement was reached with the unions. The paper could start publication next month. Back Page

Bonn spy probe

The West German Parliament has been summoned to an emergency session in Bonn today amid a fresh spy scandal in which a Social Democratic MP is alleged to be a Soviet agent. Page 2

Flight 'chaos'

Holiday flights this weekend face the worst delays since the French air traffic controllers' dispute started. Madrid airport warned of long delays as the peak summer period ended and British Airways in Palma, Majorca, said it expected "complete chaos."

Aid for divers

A special medical unit to treat divers hurt in North Sea oil work is to be set up in Aberdeen. The move responds to a Scottish Office report which says present arrangements for dealing with casualties are "fragmented and haphazard." Page 8

Genette phone-in

Police searching for missing Devon schoolgirl Genette Tate are studying tape recordings of nearly 500 telephone calls received by the Rev. Denis Large during a 24-hour phone-in.

Post haste

Elsie Axon, 58, who runs the post office at Netheravon, Wilts., Army base, was being given a ride to work by helicopter when it crash landed in a cornfield. As she awaited a rescue helicopter, Elsie said: "I thought they always came down as fast as that."

Prison trial

Twelve prison officers accused of conspiring to assault and beat prisoners in Hull jail two years ago were committed for trial to York crown court by Hull magistrates.

Briefly . . .

Princess Caroline of Monaco flew into Glasgow en route to the Isle of Arran for a holiday with her new husband, M. Philippe Junot.

Rail strike in Zambia's northern copperbelt spread to the rest of the country.

Actor John Cleese is seeking a divorce from Connie Booth.

Canoeist Dr. Michael Jones of Keighly, Yorks., drowned in the Himalayas.

September will be cool at first, changeable and warmer later. Weather, Back Page

BUSINESS

Equities uncertain; Gilts ease

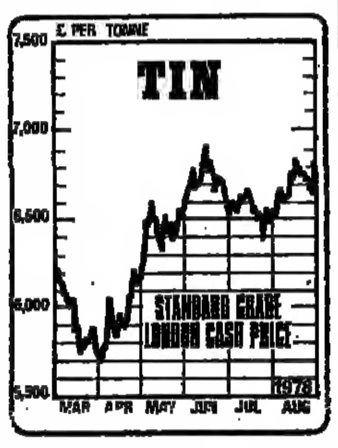
● EQUITIES were uncertain, adversely influenced by the decision to refer the Bingham report on Rhodesian sanction breaking to the DPP. The FT Industrial Ordinary share index closed 4.5 down at 498.5.

● GILTS continued on the down-tack, unsettled by comment on the outlook for funds and lessened chances of a cut in MLR. The Government Securities Index closed 0.23 down at 70.19.

● GOLD rose $1¾ to finish at $208¼ in moderately active trading. The New York Comex September settlement price was 205.90 (206.90).

● STERLING traded quietly to close at $1.9435, up 25 points. The pound's trade weighted index was unchanged at 62.4, while the dollar's depreciation narrowed to 9.1 (9.2) per cent.

● TIN prices rose further on the London Metal Exchange. The cash price for standard



grade metal increased by £55 a tonne—following a £105 rise on Wednesday—to close at £6,815.

● WALL STREET was 5.29 down at 875.43 near the close.

Japan's GNP growth slows

● JAPAN'S GNP grew by 1.1 per cent in real terms during the second quarter of this year, compared with a 2.5 per cent growth in the first quarter. The country's policy of restraining its exports to last year's level may soon be suspended, because exports are falling anyway as a result of yen revaluation. Back and Page 6

● GOVERNMENT job creation measures in the present financial year cost an estimated net £115m and many of these may have to become permanent, according to an all-party Commons Select Committee. Page 8 and Editorial Comment Page 16

● BOOK value of manufacturers' and distributors' stocks rose by £1.35bn between early April and the end of June, compared with a £683m rise in the previous quarter, according to official figures in the Trade and Industry magazine. Page 7

● NVT MOTORCYCLES, which emerged from the former Norton Villiers Triumph and BSA Group, has signed a deal to make and distribute Wankel rotary motorcycle engines.

● SOUTHAMPTON dockers' leaders are planning renewed action to black container traffic handled at the Didcot trading centre near Oxford. News Analysis Page 8

● BRITISH jobbers Wedd Durlacher and Smith Brothers have asked the London Stock Exchange for permission to apply for joint membership of the European Options Exchange. Page 6

COMPANIES

● MATTHEWS WRIGHTSON Holdings taxable profit advanced 41 per cent to £48m for the half-year to June 30, 1978. Page 19 and Lex

● LADBROKE GROUP pre-tax profits for the half-year to July 4, 1978, increased from £10.93m to £13.8m, on higher turnover of £221.37m against £170.62m. Page 19 and Lex

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Compton and Webb	43	+	5
Electrocomponents	585	+	7
FNFC Uns.Ln. '92-97	£32	+	3½
Laing (J.) A	226	+	13
Liberty	178	+	5
Matthews Wrightson	200	+	5
Mixconcrete	75	+	4
Siebens (UK)	388	+	6
Carr Boyd Minerals	44	+	4
Conzinc Riotinto	307	+	17
De Beers Dfd.	426	+	11
Southvaal	574	+	16

FALLS

Treas. 9½pc 1980	£98¼	−	⅛
Alginate	288	−	12
Barclays Bank	345	−	7
Brown (J.)	458	−	10
Church	180	−	11
Davy Intnl.	278	−	6
Decca A	460	−	15
ERF	115	−	5
Eagle Star	147	−	5
Glaxo	608	−	7
ICI	393	−	5
ICL	376	−	9
Ibstock Johnsen	181	−	15
Pearl Assurance	248	−	4
Reed Intnl.	158	−	4
Rowntree Mackintosh	417	−	11
Scottish Agric. Inds.	207	−	13
Tarmac	136	−	6
Whessoe	65	−	5

Ministers announce £700m. aerospace decisions

UK agrees to join Airbus as Rolls engine goes ahead

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

Decisions affecting the long-term future of a substantial part of the UK aerospace industry, costing upwards of £700m to implement and provide continuity of employment for more than 17,000 workers, were announced yesterday by the Government. They were:

1 — British Aerospace, the nationalised aircraft group, is to be allowed to join the European Airbus Industrie group from January 1, subject to the approval of the French and West German Governments, to help develop the new A-310 version of the increasingly successful A-300 Airbus. This is expected to cost upwards of £50m.

2 — Rolls-Royce is to go ahead with the development of the new 535 version of thet RB-211 engine, costing about £250m, for the new twin-engin Boeing 757 narrow-bodied jet airliner. British Airways will buy 19 of these jets, costing £400m.

Together with an order announced in Miami by Eastern Air Lines of the U.S. for 21 Boeing 757s with 535 engines, — with options on 24 more — Boeing will have enough orders to launch the 757 on to world markets. This will be its second major new airliner venture this year, following the launch of the bigger 200-seat 767 wide-bodied jet this summer.

These decisions were announced yesterday by Mr. Eric Varley, Industry Secretary and Mr. Edmund Dell, Trade Secretary, after many months of discussion with the French and West German Governments to try to find a satisfactory formula which would allow Britain to rejoin the European Airbus Industrie manufacturing group.

Mr. Varley said the decision to approve the 535 engine would strengthen considerably Rolls-Royce's position in world markets for the next 25 years.

"The RB-211 in its Dash 22 and Dash 524 versions already

Britain's grand design Page 16
FT conference Page 9

represents at least 10,000 jobs in Rolls-Royce and around a similar number in suppliers. Employment on the 535 should build up over the next few years to represent up to 5,000 jobs in Rolls-Royce and at least that number at suppliers," he said.

British Airways is being allowed to buy the new U.S. jet, with the Rolls-Royce engines, because the airline regards it as the best aircraft for its immediate needs in the broad 170-200 seat category of aircraft, supplementing the 19 smaller 114-seater Boeing 737 jets ordered earlier this summer.

British Airways and Eastern will start to take delivery of their 757s in mid-1983. Both deals still are contingent on detailed contract negotiations.

The 757 will have two engines, and will fly over distances of 1,500 miles. In British Airways' fleet, it will replace ageing Trident Three jets on short-haul European routes.

The decision to allow British Aerospace to join the Airbus Industrie group to help develop the new A-310 aircraft is based on an agreement reached by the UK nationalised body with Aerospatiale of France and Deutsche Airbus of West Germany, both already members of Airbus Industrie.

The approval of the French and West German Governments is needed because they have been seeking a commitment from British Airways to buy the A-310, which is a smaller 200-seat derivative of the 250-seat A-300 Airbus.

But, the UK Government has not felt able to meet this requirement, preferring to allow British Airways to retain its commercial freedom to choose

Continued on Back Page

Ministers urge Callaghan to postpone election

BY RICHARD EVANS, LOBBY EDITOR

SOME SENIOR ministers are still advising Mr. James Callaghan to postpone a general election until next year, despite the confident belief of all three party organisations that polling will take place in early October.

The notably cautious Mr. Callaghan will not make up his mind until he has studied further opinion polls and party reports over the next fortnight but his close advisers believe he now sees no alternative to October for both parliamentary and economic reasons.

Leading the powerful group of ministers who remain unconvinced that October is the best choice is Mr. Michael Foot, Labour's deputy leader. Among his supporters are Mr. Merlyn Rees, Home Secretary, and Dr. David Owen, Foreign Secretary. But both Mr. Denis Healey, Chancellor of the Exchequer, and Mr. Roy Hattersley, Prices Secretary, are thought to accept that an autumn election is now virtually certain.

A possible explanation for the latest surge of rumours is the desire of some ministers to unsettle the Tory camp following the party's recent launch of expensive post and publicity campaigns on the assumption of an October poll.

The Prime Minister's personal inclination earlier in the summer, was to continue in office into next year, but with the ending of the Liberal-Labour pack and the lack of any reliable alternative support among the other minority groups, there

Unions plan big effort to win vote for Labour Back Page
Callaghan and jobs and Mrs. Thatcher campaigns Page 8

would be too great a danger of a Government defeat in the Queen's Speech in November.

A major argument for soldiering on is the attraction to Labour of fighting on a new electoral register next spring, but the worst possible outcome would be to be forced into an election in mid-winter through a parliamentary defeat.

Following reports that the Prime Minister was being advised to hold on for another session, Mrs. Margaret Thatcher the Conservative leader, attempted yesterday to close his options over dates. She warned that the Conservatives would seek support from all minority parties, to bring the Government down over the Queen's Speech.

The Tory leader will make a major speech in Glasgow tonight with the aim of pre-empting Mr. Callaghan's speech to the TUC next Tuesday.

The main problem facing the advocates of a delayed election is how the Government could retain power until the spring. Mr. David Steel, Liberal leader, has said there should be an autumn election and he has no wish to enter a new, short term pact with Labour.

There is no indication that the Nationalists or the Ulster Unionists would be in favour of an agreement and on past experience they would not provide the most reliable of parliamentary allies.

The likelihood remains that Mr. Callaghan, after addressing the TUC with a rallying speech, will announce the General Election date a few days after he sees the Queen at Balmoral on September 9 and 10.

Bingham report going to DPP

BY MARTIN DICKSON

THE controversial Bingham report on allegations that British oil companies have broken UK sanctions against Rhodesia is being sent to the Director of Public Prosecutions to see whether there is a case for criminal proceedings.

Announcing this yesterday, the Foreign Office also said the report would be published as soon as possible. But officials indicated that, for a variety of reasons, publication might not take place before November.

Evidence presented by British Petroleum to the inquiry held by Mr. Thomas Bingham, QC, allegedly implicated the company in breaking oil sanctions and went on to allege that some members of past British Governments were aware that sanctions were being broken.

Other reports have also accused Shell of involvement in sanctions breaking, together with other international oil companies.

The Foreign Office yesterday refused to comment on any of these allegations or to outline the contents of the Bingham report, which was commissioned by Dr. David Owen, the Foreign Secretary, last April. Mr. Bingham presented his findings to the Foreign Secretary early last week.

One reason given by the Government for the delay in publishing the report is that, under UK sanctions regulations, the Government feels obliged to obtain the consent of all those who have given evidence to Mr. Bingham—about 50 people—before publication.

In principle, however, publication should be possible by the time that the Commons holds its annual debate on the Government's sanctions policy in mid-November.

From the Government's point of view, such a long delay might have the fortunate effect of preventing a major row over alleged sanctions-busting during an autumn election campaign.

Conviction for an offence under the UK sanctions orders can mean a term of imprisonment for up to two years, or a fine, or both.

CONTENTS OF TODAY'S ISSUE

FEATURES

For latest Share Index 'phone 01-246 8026

Pan Am plans National merger

By John Wyles

NEW YORK, August 31.

PAN AMERICAN World Airways and National Airlines have started negotiations on a $350m merger, National Airlines announced today.

Pan Am's interest in acquiring National Airlines first emerged last week when it proposed a tender offer of $35 for National's stock. The subsequent move towards a friendly merger on the basis of $41 a share could save National Airlines from an unwelcome bid to control it by the small regional airline, Texas International Airlines.

However, all combinations in the airline industry require the approval of the Civil Aeronautics Board, which will probably try to reach a judgment on the matter by next March.

The board is very anxious to maximise competition within the industry and is thought not to be anxious to see any consolidation before airlines have had a greater experience of competing on each other's hitherto exclusive routes.

Mr. L. B. Maytag, chairman of National Airlines, said in Miami today that substantive negotiations were now under way on the basis of an offer of $41 a share and that a meeting of National's board had been fixed for September 5 to consider the results of the discussions and the management's recommendations.

Mr. William Seawell, chairman of Pan Am, has also announced a meeting of his board for September 5, when he thought Pan Am management would be in a position to recommend action.

The Civil Aeronautics Board has already started proceedings to consider Texas International's request to acquire control of National. It has given the regional airline and Pan Am both permission to buy up to 25 per cent of National's stock in the open market.

Last night Texas International disclosed that it had spent $42.2m purchasing 18.2 per cent of National's stock for an average price of $27 a share.

Most CAB statements on the subject of airline mergers have given no great cause for hope that either a Pan Am/National merger or a Texas International/National combination would be approved.

Pan Am and National will tell the CAB that since there is virtually no overlap between their route structures, a merger cannot be anti-competitive.

Moreover, Pan Am is stressing its need for a domestic route system to feed its international services

Peugeot chief spells out Chrysler hopes

BY DAVID CURRY PARIS, August 31.

PEUGEOT CITROEN firmly committed itself today to restoring the fortunes of Chrysler UK, and spelled out its long-term ambitions of creating an effective European challenge to the giant U.S. and Japanese motor-manufacturers.

M. Jean-Paul Parayre, chairman of Peugeot Citroen, said incorporation of Chrysler UK into Europe's largest motor-manufacturers would offer it "new opportunities for recovery and therefore of expansion and prosperity for its employees and its dealer network."

In the company's most detailed comment on the deal so far, M. Parayre promised that the Chrysler operations in Europe, being acquired for $230m (£119m) in cash and a 15.5 per cent stake in the capital of the Peugeot Citroen parent company PSA, would be treated on terms of strict equality with those of the Peugeot and Citroen operating subsidiaries.

Full support

Chrysler UK, said M. Parayre, would enjoy the parent company's total support in its recovery.

"We consider that this undertaking is worth more than all the formal guarantees which can be written provided that everyone works together to make the most of our opportunities."

He declined to give an "absolute guarantee" about employment in the UK because so much depended on general economic conditions. "Our interest is to maintain activities in the UK but this development is subordinated to certain considerations of productivity."

Once the Government had authorised the purchase he would visit the UK plants, especially the troubled Linwood factory in Scotland, to reassure employees about the new parent company's commitment to recovery.

Pressed on how he would deal with British trade unions, M. Parayre said: "We want to develop the company in the interests of our clients, personnel, shareholders and the UK economy. We are ready to talk to all those who share the same objectives."

Peugeot Citroen would assume all the commitments Chrysler had made to the Government at the time of the injections of public funds into the UK operation. This included willingness to have Government representation on the board of the British susbidiary.

He would be willing to sign a "declaration of intent" analogous to that by Chrysler. This covered employment, official representation on the board, use of UK components as a primary source of supply, and maintenance of the UK role in the worldwide scheme of Chrysler operations.

Employment at Citroen had expanded from 73,000 in 1975 to 82,000 this year, the period covered by the Peugeot-Citroen merger.

It was not intended to eliminate Chrysler models which competed with Peugeot products. "Our policy is not to delete models. We believe the diversity of models is an advantage for our customers.

M. Parayre defined three main principles of group organisation:—

1—Maximum decentralisation of each company's management in a framework of close co-ordination and supervision by the parent concerned. The increase in group size would make necessary more delegation of responsibility.

2—Maintenance of "independence and personality of each manufacturer, its sales organisation, product line and image."

3—Development of economies of scale, including improved use of production facilities and "ultimate establishment of a coherent and efficient industrial complex"; standardisation of vehicle components not linked to the specific brand image; and formulation of a "group line strategy" providing each sales network with models to "satisfy the demands of its clientele while avoiding unproductive competition in small segments of the market."

Acquisition of Chrysler's manufacturing and sales activities in France, Spain and the UK was a "decisive step" towards con-

Continued on Back Page
Feature Page 2

BL warning

Workers at BL's strikebound Bathgate in Scotland plant were warned yesterday that it will not reopen even after the dispute ends without union commitments on maintaining production as Mr. Michael Edwardes, BL chairman, said the company was being led to disaster by industrial disruption. Further talks on the Bathgate dispute will take place in London today. Back Page

£ in New York

—	Aug. 30	Previous
Spot	$1.9380-9390	$1.9445-9465
1 month	0.55-0.47 dis	0.25-0.22 dis
3 months	1.28-1.18 dis	1.22-1.18 dis
12 months	4.55-4.45 dis	4.40-4.20 dis

THE PEUGEOT-CITROEN BID FOR CHRYSLER

A suitable case for treatment

BY TERRY DODSWORTH IN PARIS

"WE ARE in an industry which is pitiless and remorseless to the weak," said M. Jean-Paul Parayre, the president of Peugeot-Citroen, yesterday. His words neatly underline the threat which hangs over Chrysler Europe, a company which has grown steadily weaker in the last few years, and which seemed to be entering a terminal stage of illness when Peugeot-Citroen stepped in with its $430m takeover bid three weeks ago.

Chrysler Europe is small in an age of giants and the vultures have been gathering for the kill. But Peugeot believes it can be restored to health, basically by developing its present resources and without any radical surgery.

This message of hope came across with resounding clarity at the news conference given by M. Parayre in Paris yesterday. He went much further, in effect, than most observers expected towards committing Peugeot to the retention of Chrysler Europe in its present form. In particular, he stressed the company's belief that Chrysler's UK interests, the weakest link in this highly vulnerable company, can be saved.

These statements fly in the face of many of the suspicions of the deal which have emerged in the UK in the last few days. According to these criticisms, the UK interests of Chrysler Europe are an embarrassment to Peugeot and are only being taken on because they are part of the total package.

Critics have been suggesting that the Peugeot deal has been prompted by three main criteria—namely to bring back all French vehicle production under French control, to give Peugeot a strong commercial arm capable of taking on the other big European companies, and to consolidate the healthy French position in the Spanish vehicle market.

None of these criteria, say the critics, suggests a significant position for Chrysler's UK interests, apart from the truck manufacturing plant at Dunstable. Therefore, the most the British Government can hope for is a limited commitment to the UK interests which will be jettisoned as soon as decently possible, or when the first strike looms over the horizon.

M. Parayre's view of the situation, however, delivered quietly and soberly to the 200 journalists who had flooded into Paris from all over Europe, has a significantly different emphasis.

First, Peugeot will take over Chrysler Europe as a means of gaining extra capacity and becoming one of the giants in the world of motor industry. It will then proceed steadily to develop this capacity, much of which exists, under-utilised, in the UK. Gradually, common activities in the components field will be undertaken to take advantage of the potential economies of scale presented by the takeover. But the Chrysler activities will be kept strictly separate from Peugeot's and Citroen's in terms of marque identity, day-to-day management, and the sales network.

Given this concept of establishing Chrysler as a free-standing subsidiary of the larger group, there is a very strong case for PSA, the Peugeot-Citroen parent company, doing everything possible to hang on to Chrysler's UK interests. As a group, Chrysler Europe would be less competitive, in terms of size, without the UK facilities. So, provided the British workforce delivers the goods—and M. Parayre made a special point of talking about Peugeot's "English and Scottish friends" — the future of the UK plants should be healthy.

M. Parayre also indicated that the French company is willing to go a long way towards giving the kind of guarantees which the British Government is likely to press for before it allows the deal to go ahead.

Most significantly, he said unequivocally that PSA would be prepared to sign a similar declaration of intent to the one which Chrysler signed in 1976. This would commit the French company to maintaining the position of the UK facilities within the new group and to allowing some degree of Government surveillance. The Department of Industry is believed to be working towards demands of this nature at the moment.

He could not believe he added, that the British Government did not appreciate the opportunities offered in entering one of the leading European motor companies.

On the question of PSA's ability to control the British unions, he stressed that both sides had a common goal to develop the company. Once an agreement was reached with the British Government, detailed talks would be held with the unions. But the main responsibility for running the Chrysler subsidiary would remain with the subsidiary management. PSA had no intention of taking over this role.

Indeed, one of the main messages to emerge from the news conference was the strength of Peugeot's commitment of decentralised management. The organisational structure which M. Parayre outlined for the new group is designed to maintain Chrysler in very much its present form for the time being. This is similar to the process which was followed when Citroen was recently absorbed into the group.

At the centre there is a strong staff function, particularly on the financial side. But the subsidiaries—basically the Peugeot and Citroen manufacturing facilities, plus the component interests and now Chrysler—are expected to manage their own business.

This will mean that the Chrysler model range and marque name will be retained, rather in the way that General Motors maintains a cluster of separate marques made by its different manufacturing companies. The interesting point about this concept is that it flies in the face of much of the conventional wisdom in the European industry, where Ford, with its ruthlessly rationalised range of cars, is usually presented as the ideal model.

"Our policy is not to eliminate models in any of the operating companies in order to make room for cars in the rest of the group," said M. Parayre. "We have not done this in the case of Citroen, although we were criticised for our large range. We accept this wide range because we think it gives us an advantage in meeting the needs of our clientele and in the development of our marketing network."

Among the other points covered by M. Parayre were:

● The Chrysler truck interests in Spain and the UK were an "important resource," which it was PSA's "intention to support and develop." He indicated that these facilities would be left within the Chrysler subsidiary for the time being at least, and not merged with the group's other commercial vehicle activities. The recently-announced deal between Peugeot and Fiat on the manufacturing of a new small van in southern Italy would not be affected in any way.

● The intention is to expand the group's activities in Spain, where it already has a combined market share of well over 30 per cent. Peugeot's arrangements to make and sell its 504 model through the Spanish Citroen company will continue.

● The group has ambitions to develop in the U.S., but is likely to concentrate first on the absorption of Chrysler Europe. M. Parayre would not indicate where the company hoped eventually to sell its cars through Chrysler's U.S. network, but said that "at the appropriate time we shall seek out the appropriate channels."

● The PSA group is already talking with Chrysler about contracts on the components side. At the same time, the French company is very interested in Chrysler's work in the development of micro-processing for automotive uses, where it is one of the leaders in the world industry.

● Contracts which both Chrysler UK and Peugeot have at present to sell cars in kit form to Iran will be maintained on their present basis. Iran National, the manufacturing company concerned, is keen to have alternative sources of supply.

The one big question which M. Parayre could not answer yesterday was how soon the deal would be *consummated*. That depends on the British Government and, possibly, the intervention of a political element in the affair if the UK runs into an election period.

But, in his own quiet way, this former French bureaucrat could hardly have gone further towards reassuring British interests about Peugeot's intentions in the UK. He clearly indicated that a British element is an important and integral part of Peugeot-Citroen's bid to emerge among the leaders in the world's motor industry.

Agreement is 'firm and definite'

REFERRING TO the details of the takeover, M. Parayre confirmed that:

1—The 1.8m new shares in PSA corresponded to the sale of Chrysler France. They would enjoy dividend rights from January 1, 1980. The 15.5 per cent stake the Chrysler Corporation would acquire had to be set against the 41 per cent remaining in Peugeot hands and the 7 per cent held by the French tyre group, Michelin;

2—The $230m cash payment would come out of cash reserves. No call would be made on shareholders or on the money market;

3—A transitional period would last until October 31, 1980, during which Chrysler would be associated in the management and results of its former European operations. While share ownership of the Chrysler European operations would pass to PSA by the start of next year at the latest, the Chrysler Corporation would retain all benefits deriving from 49 per cent of the shares until the end of October 1980. An economic interest group would be formed which would receive the profits from the operations being sold until November 1, 1980. In this interest group PSA would hold 51 per cent and the Chrysler Corporation 49 per cent. "This transitional period is not a trial period," M. Parayre emphasised. "The agreement between Chrysler and the PSA Group is firm and definite subject only to completion of the stated conditions which are, basically, the approvals of the various Governments concerned."

M. Parayre said that he hoped for early UK Government approval of the deal since "periods of uncertainty are not helpful to anybody and particularly not to Chrysler UK."

Explaining the reasons for the purchase of Chrysler's British, French and Spanish operations, M. Parayre said that the European motor industry suffered from fragmentation, although it could compete on the technological level. New challenges—energy conservation, ecological considerations and the growth of the Third World manufacturing capacity—demanded that companies should be "big enough and competitive enough" to be able to undertake necessary research and investment programmes.

Suarez acts to quell dissent in security forces

MADRID, August 31.

TWO SENIOR Interior Ministry officials were dismissed today as the Government of Sr. Aldofo Suarez cracked down on dissent within the security forces.

Government orders appeared in the official state bulletin removing Sr. Gonzalo Cerrillo from his job as Commissioner-General of Documentation, and Sr. Jose Luis Fernadez Dopico from his post as technical head in the Public Order Secretariat.

Interior Ministry officials said the two men had been dismissed for writing an article in a police *magazine in defence of a right-wing* police chief sacked some time ago.

The dismissals coincided with the suspension of five senior police officers for publicly criticising the Government's alleged failure to combat guerrilla violence. Two policemen and two para-military Civil Guardsmen were shot dead last Monday in separate but apparently co-ordinated attacks across northern Spain.

The so-called political wing of the Basque separatist group ETA last night claimed responsibility for one of the murders and said it would join the group's military faction "in an offensive against the repressive (security) forces which will last until they are dissolved."

The extremist group GRAPO has claimed two of the other killings, and a previously *unknown "anti-capitalist"* group the fourth.

The attacks outraged sectors of the police, and the Policemen's Association, which represents about 85 per cent of the 40,000 strong force, accused the Government of weakness and leniency.

Reuter

Bonn bid to lift immunity of MP over spying claim

BY JONATHAN CARR — BONN, August 31.

IN A new and potentially serious turn in West Germany's latest spying affair, the Bundestag is to meet tomorrow in special session to discuss raising the *Parliamentary immunity of one* of its members.

The action was requested today by the federal attorney general's office, which is investigating allegations of espionage in Bonn understood to have been made by a high-level Romanian defector to the West.

Parliamentary approval is required to raise immunity or even to permit "restriction of the personal freedom of a deputy"—*for example through the search* of his office.

The deputy whose immunity is involved, Dr. Uwe Holtz, a member of the ruling Social Democrat Party (SPD), said he was astonished at the news. "I am no agent. That is all rubbish," he said in a Press *interview*. Dr. Holtz, aged 34, has been a member of the Bundestag since 1972 and is *chairman of its committee* on development aid matters.

Yesterday the SPD announced that the personal aide to its business manager, Herr Egon Bahr, was also under investigation in connection with the spying allegations. The aide, Herr Joachim Broudre-Groeger, aged 34, was giving authorities all possible help and meanwhile remained at his post.

This announcement in turn followed Press reports that Mr. Ion Pacepa, a Romanian Government official who vanished in Cologne in early August, has passed information on to the CIA about Romanian secret service activity in Bonn.

Italian Cabinet to review economic recovery plan

BY PAUL BETTS — ROME, August 31.

THE NEXT few weeks are likely to be crucial ones for the minority Christian Democrat Government of Sig Giulio Andreotti which is scheduled to review at a Cabinet meeting tomorrow its proposed three-year economic recovery plan.

The Government now has only 30 days to submit to Parliament its three-year economic programme and next year's provisional budget. However, there are already signs of disagreement over the detailed economic proposals among Cabinet ministers, the political parties directly supporting the Government and the trade union movement.

In its broad outline, the plan entails steps to reduce Italy's substantial public sector deficit, keeping it within a L35,000bn limit for 1979 acceptable to the International Monetary Fund. The plan also aims at encouraging job-creating investments and higher growth without worsening the current annual inflation rate of between 12 and 13 per cent.

To curb public expenditure, the Government proposes a series of clearly politically and socially sensitive reforms in the country's pensions system and social welfare structure. At the same time, to promote productivity and export competitiveness, the Government is pressing the unions to moderate wage claims during the course of forthcoming negotiations of a series of major three-year national labour contracts.

These contracts involve some 6m workers, including the metal and engineering workers whose national contract has traditionally been regarded as setting the course for the negotiations in other important sectors.

Although some union leaders have recently indicated their willingness to meet some of the Government's requests, the Labour movement as a whole still appears divided over a number of controversial issues.

Sig. Andreotti is to hold talks during the next few weeks with political and union leaders to seek overall consensus for his economic programme and the 1979 budget.

Moreover, there is additional pressure on the Government to avoid further delays in getting its programme approved in view of the arrival in October of an IMF team to finalise a standby facility for Italy and subsequent negotiations with the European Community for a further loan.

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Dutch wages rising faster than forecast

By Charles Batchelor

AMSTERDAM, August 31.

WAGES ARE rising faster in Holland than originally forecast and are expected to lead to a Fl 1bn ($460,000) increase in government income tax revenues in 1978. This could lead to a reduction in the large budget deficit, but the higher revenue will be partly offset by the increased wage bill for public authority workers, the Finance Ministry said.

Originally, wages were expected to rise by 7 per cent this year but the increase may now be around 8 per cent. This is due to the effect of promotions, job changes and extra increases on top of rates negotiated in central wage agreements. The Finance Ministry forecast last September that income tax revenues would be Fl 35.3bn ($16.3bn) this year.

The Ministry recently raised its estimate of the government financing requirement in 1978 by Fl 1bn to Fl 13.6bn. It is unlikely Fl 1 bn to Fl 13.6bn. It is unlikely, however, that the net effect of the higher tax revenue will be enough to compensate for this upward revision.

Any reduction in the Dutch budget deficit—which is forecast to be about 5½ per cent of national income this year—would help. But high wage costs has been a major factor in the problems facing Dutch exporters.

France to ease controls on oil

BY DAVID CURRY — PARIS, August 31.

THE FRENCH Government has plans to dismantle much of the 50-year-old system of tight state supervision of the import of crude oil and distribution of petroleum products.

It is ready to abandon the insistence that half the French market be reserved for French oil companies; it is introducing the system of automatic adjustment of the ex-refinery price of petroleum products in relation to the world price of oil and currency movement; and it is liberating petrol and fuel prices from control to encourage competition.

The Government is, however, retaining the practice of fixing an annual quota for oil imports, although the implementation of this system will be much more flexible.

The measures, announced by M. Andre Giraud, the Industry Minister, and M. Rene Monory (himself a garage owner), the Economics Minister, mark a further step in the policy of Prime Minister Raymond Barre of introducing price freedom for industrial goods to make industry more competitive.

They also respond in part to the criticism of the protection of the French market for petroleum products made by the Brussels Commission.

The main steps are:

● On September 1, 1978, all restrictions on the prices of heavy oil and naphtha are dropped.

● On January 1 next year, for 12 months, domestic fuels, diesel and petrol will be subject to a variable maximum price. On January 1, 1980, they will be freed also.

● To help petrol prices come down immediately, discussions are taking place with distributors to increase substantially the maximum permitted rebates of 5 centimes per litre on ordinary grade petrol and 6 centimes on super.

● Import quotas could be ended to diversify oil supplies. Licences to import and refine crude and market refined products, as well as to import refined products directly, will be easier to obtain. French companies will no longer have the protection of a formal guaranteed market share.

Last year, French companies took 53 per cent of the market (CFP-Total 26.7 per cent); Elf-Antar 23.3 per cent; and Independents 3.3 per cent. The main foreign companies were Shell (about 15 per cent), Esso (12.7 per cent), BP (10.3 per cent) and Mobil (4.7 per cent).

Had the new system of price fixing been applied now, according to M. Giraud, it would have meant a reduction of 6.85 centimes per litre from tomorrow.

In fact, the Government is taking this amount in the form of a special tax on petrol sales to increase the resources of the national agency for energy savings. After the end of this year, the product of this tax will be used to offset rises in price at the petrol pump due to any OPEC imposition of higher crude prices.

The ceiling prices to apply in 1979 will be calculated on the basis of currency movements every two months and the world price of crude calculated every 45 days.

Lisbon Ministers' denial

BY JIMMY BURNS — LISBON, August 31.

THREE MINISTERS from Portugal's new administration today denied any links with the Communist Party.

The three—Sr. Carlos Correia Gago (Foreign Affairs), Sr. Antonio Costa Leal (Labour), and Sr. Acacio Pereira Magro (Social Affairs)—were interviewed by the State-owned newspaper Diario de Noticias and the conservative right-wing weekly publication Tempo, following allegations made yesterday by the Conservative Party (CDS). It claimed that they had "pro-Communist sympathies," which seriously place in question the political neutrality of Portugal's recently formed Government of "independents and technocrats."

Sr. Gago, who takes over from a Conservative Minister in the previous Government, said that he "had always been totally independent from all the political parties" and stressed that foreign policy would not differ substantially from that pursued by the previous administration.

Sr. Gago, chairman of Petrogal, the nationalised oil company stressed that he would respect Portugal's commitments stemming from its present membership of NATO and from its future entry into the EEC.

Conservative criticism of certain Ministries led to the collapse of their six-month alliance with the Socialists last month.

Icelandic coalition formed

BY JON H. MAGNUSSON — REYKJAVIK, August 31.

A NEW left-wing coalition Governmenthas been formed in Iceland, apparently ending a nine-week old political crisis on the island, the smallest member of the NATO alliance.

The new Prime Minister, Mr. Olafur Johannesson, leader of the middle-of-the-road Progressive Party informed the President, Dr. Kristjan Eldjarn, this morning of the formation of the new Cabinet which is to hold its first formal meeting tomorow.

Three of Iceland's four parties—the Progressive Party, the Social Democrats and the People's Alliance—will take part in this coalition, which is Iceland's second left-wing government since 1971. Each party has three ministers in the Cabinet but several of them will hold more than one portfolio.

The Prime Minister was a Minister of Justice in the outgoing right-of-centre Government and Prime Minister from 1971 to 1974. The leader of the Social Democrats, the U.S.-educated Mr. Benedikt Grondal will be Foreign Minister. He is a pro-Western and pro-NATO politician.

The chairman of the Marxist-dominated People's Alliance, Mr. Ludvik Josefsson refused to take part personally in the new Government after his own attempt to form a radical left-wing Government failed several days ago when the Social Democrats refused to accept him as Prime Minister.

Three young MPs from Mr. Josefsson's party however will become ministers of education, trade and industry. All of them are anti-NATO and against the U.S. air base at Keflavik but the People's Alliance has entered the coalition without demanding that Iceland should resign from NATO. This has been one of its most important policies and is one of the most heated issues in Icelandic politics.

One of the first tasks of this new coalition Government will be to devalue the Iceland krona—probably by about 15 per cent. Foreign currency dealings have been suspended in Icelandic banks since Monday. The Government policy will be made public on Saturday according to Mr. Johannesson.

EUROPEAN NEWS

Protest strikes shut Danish shipyards

BY OUR OWN CORRESPONDENT

COPENHAGEN, August 31.

MOST DANISH shipyards were on strike today in protest against the formation yesterday of the Social Democratic-Liberal coalition government. There were calls from a variety of unions and shop stewards organisations for protests, demonstrations and "active opposition" to the government. Copenhagen building workers plan a mass demonstration outside Parliament tomorrow.

Prime Minister Anker Joergensen, meanwhile, made a short policy declaration to a special session of Parliament this afternoon. It will form the basis of a debate tomorrow and Parliament will remain in session over the weekend to rush through legislation increasing value added tax from 18 per cent to 20 per cent with effect from October 1, and imposing an immediate freeze for six months on prices and profit margins.

The freeze will mean that only wage increases agreed in last year's collective wage settlement can be passed on in prices, while the employers must bear the cost of any other wage increases by squeezing their margins.

In his speech today, the Prime Minister appealed for co-operation from other parties as well as from labour market organisations for implementing the new Government's economic stabilisation programme.

He stated that Denmark supported the European currency snake and intended to work for the furtherance of European monetary co-operation, which was seen here as following up the statement by the Prime Minister last week in which he categorically denied that the Government was considering a devaluation.

The strike wave which appears to be developing is likely to be short-lived. Under the terms of the collective wage agreements, workers will be subject to fines if they stay out for more than two days.

Joergensen defies unions

BY HILARY BARNES IN COPENHAGEN

PRIME MINISTER Anker Joergensen's formation of a Social Democratic-Liberal coalition has transformed Danish politics. He has not only brought together for the first time this century, the two chief antagonists of Danish politics, he has also acted in the teeth of bitter opposition from the union movement. Implicitly he has declared that it is the SDP parliamentary party and not the powerful TUC which is going to run the country.

"I will not deposit my freedom of manoeuvre with any pressure group whatever," Mr. Joergensen declared at the start of the negotiations.

By comparison with his stand against the unions, the fact that his alliance with the Liberals has also split the non-Socialist opposition wide open appears less epoch-making, but it clearly represents another victory for the Prime Minister.

The average Dane appears to be somewhat amazed by Mr. H. Joergensen's move and many are convinced that he has formed the kind of Government which the country needs. But there is another view, which suggests that the Prime Minister's troubles are only just beginning.

The TUC chairman, Mr. Thomas Nielsen has predicted that the Government will survive for no more than six months and has promised trouble on the labour market in connection with the renewal of the two-year collective wage agreements next spring.

At least half a dozen left-wing members of the parliamentary group are known to have very serious reservations about the agreement with the Liberals, but it will only become clear in the course of the coming weeks whether they are also prepared to express their reservations in terms of votes against the Government. Other members of the group who have close ties with the unions are also deeply concerned at the breach with the union movement. One of them is Mr. Jens Riisgaard Knudsen, who resigned his job as chairman of the group, although he was one of the SDP's four-man negotiating team with the Liberals.

The background to the showdown with the unions, or more specifically with the TUC, is partly a well-known personal animosity between Mr. Nielsen and Mr. Joergensen, who is himself an ex-chairman of the General Workers Union. It also partly reflects the increasing politicisation of the TUC which has built up its own staff of experts and taken to initiating and promoting policies on a wide range of topics.

The Danish trade union leader, Mr. Thomas Nielsen, has predicted that the new Government will survive for no more than six months and has promised trouble on the labour market over the renewal of the two-year collective wage agreements next spring.

In the deal with the Liberals, the SDP dropped union-inspired tax reform and housing reform plans, the one anti-business the other anti-home owner, as well as ignoring a union demand for a start to a scheme for compulsory workers' co-ownership. These three plans were the union movement's conditions for accepting wage-restraint.

In the end the relationship will have to be patched up, if only because the SDP is dependent on the unions for financial support. But in the meantime Mr. Joergensen's strength is that neither the unions nor the left-wingers in the party group have any other place to go.

Although the SPD-Liberal Government has the support of only 88 members, one short of an absolute majority, it can count on the backing of the four remaining Right-Centre opposition parties. The coaliton therefore looks invincible until the election in about two years' time. Unless, of course, there is a revolt among the Social Democrats, but at this stage that seems unlikely.

Assuming that Mr. Joergensen can ride out the wrath of the unions, he and Liberal leader, Mr. Henning Christoffersen (who at 38 becomes the youngest Foreign Minister for at least 60 years) will bring a new element of political stability to the political scene, enabling the Government to pursue a medium-term economic stabilisation programme without fear of being tripped up at every turn. Since the 1973 election there have been 11 parties in the Folketing, including the anti-tax Progress Party on the Right and three extreme Left-wing parties. The lack of a natural majority of either Left or Right has made the business of Government extremely difficult.

The coalition was formed for the specific and limited purpose of "restoring a better economic balance as a basis for a more satisfactory growth in output and employment," as a joint statement from the parties put it.

Absolute priority goes to reducing the persistent current balance of payments deficit and stabilising the net foreign debt.

East-West arms gap continues to widen

By Our Foreign Staff

THE SOVIET UNION and its Warsaw Pact allies have continued their build-up of armaments and the modernisation of weapons systems, both nuclear and conventional, during the past year, and have thus left NATO further behind in some categories.

But in spite of the East-West arms gap, most notable in the European theatre, the International Institute for Strategic Studies (IISS) still reckons, in its annual report The Military Balance 1978-79, that the overall balance is such as to make military aggression in Europe an unattractive option for the Soviet Union.

The main reason for this assessment is that the risks for an aggressor, including that of nuclear escalation, remain incalculable. But NATO's traditional superiority in technology and in training, which in the past has been thought to offset its numerical inferiority, is now much less marked, since the Soviet Union is catching up in a number of areas.

At least 370 new Intercontinental Ballistic Missiles (ICBM) have been deployed by the Soviet Union in the past year, some of them with multiple independently targeted warheads (MIRV), and the accuracy of the SS-19 reportedly approaches that of U.S. missiles.

Deployment of the SS-20 as mobile intermediate range ballistic missile (IRBM) has begun, and development work appears to have started on a new family of ICBMs, for deployment in the late 1980s.

The deployment of the SS-N-18 means that the Soviet Union now has, for the first time, multiple warheads at sea. While the total number of missiles has remained fairly constant, under strategic arms agreements with the U.S., the mastery of MIRV technology has meant a rapid increase in the number of warheads on the Soviet side. If the entire ICBM force is MIRVed, the number of Soviet warheads could rise from 4,500 now to 7,500 in the early 1980s.

The discrepancy between Warsaw Pact and NATO tank strengths continued to widen, with the Soviet Union adding 7,000 tanks over the year, to bring the total to 50,000.

The Military Balance 1978-1979. International Institute for Strategic Studies, 18 Adam Street, London WC2, £3.

OVERSEAS NEWS

THE AUSTRALIAN ECONOMY

Searching for the golden days

BY DAVID HOUSEGO, RECENTLY IN CANBERRA

IT HAS been some 18 years since Australia last had a recession as bad as the prolonged slow-down that has been affecting the country's economy since 1974. The comparison with the 1960/61 recession is important because senior officials in Canberra recall that it was the restrictive measures taken then that paved the way for the "golden days" of the 1960s.

Mr. Malcolm Fraser's Government is under no illusion that there will be a return to the booming minerals investment of the Menzies era. But it is the prospect of the foreign investment that could flow from an energy scarce world turning to Australia in the 1980s above all for its coal and uranium supplies—which largely lies behind Mr. Fraser's determination to ride out the present trough with a tough fiscal and monetary policy.

Only eight months after his return to power following a massive electoral victory, Mr. Fraser's popularity as Prime Minister is lower than it ever has been during his two and a-half years in office. The recent budget brought a series of noisy street demonstrations against increases in personal and indirect taxes which Mr. Fraser in his election campaign had promised to reduce.

His credibility in the Cabinet and in his own Liberal Party has for the moment been undermined by his mishandling of the sacking of Senator Withers from the Government and accusations of disloyalty to colleagues. The Telecom strike—which disrupted telephone and telex communications lately—seems likely to be the prelude to further confrontations with the unions.

If these controversies have caught Mr. Fraser by surprise, the hostile reaction to the budget was predictable. In managing the economy his first priority has remained the cutting away of what he sees as the ballast left by the Whitlam years of high public spending and of increases in wages well above the level of increases in productivity.

Inflation has been brought down from 13.4 per cent on an annual rate in mid-1977 to 7.9 per cent in June this year. The Government is looking for a drop to 5 per cent by mid-1979 and an even lower rate after that. Interest rates as measured by 20-year Commonwealth bonds have fallen from 10.49 per cent in June 1977 to 9.10 per cent in June this year with expectations of a further decline.

This has been achieved by keeping the budget deficit to significantly below last year's level at A$1.67bn through a pruning of capital and current expenditure and increases of revenue from higher taxes.

The cost is that the registered unemployed reached a record 411,700 at the end of June—that is 6.5 per cent of the labour force.

Behind this stringent package lies Mr. Fraser's faith in the view that once the "underlying factors" of the economy (low inflation and interest rates) have been corrected, then consumer and investor confidence will pick up. He was pleased by the favourable response given to the budget on the Sydney stock exchange and above all in the overseas financial markets. He is looking to a large inflow of private capital to help offset a current account deficit that for the financial year could run to A$3bn (compared to A$2.4bn in 1977/78). The charge of economic mismanagement that he levels most heavily against Mr. Whitlam is that by losing control of the money supply he provoked a loss of confidence in the currency and an outflow of capital that severely strained the balance of payments.

To judge from his public utterances, Mr. Fraser is determined to keep the screws firmly on the economy — a policy characterised by Mr. Bill Hayden, the Labour opposition leader, in his reply to the Budget as "a crippling pattern of ever more severe contraction." The unions have been told that there will be no adjustment in monetary policy to accommodate excessive wage settlements. Reflation is being resisted on the grounds that it was Mr. Whitlam's expansionary measures that have priced so many Australians out of their jobs.

Mr. Hayden's attack, however, reflects growing criticism of this strategy as offering only limited prospects of recovery at the cost of an unacceptably high rate of unemployment. The Government is pinning its hopes on a modest revival of consumer demand and a slighly larger pick-up in investment to achieve a 4 per cent growth in non-farm product this financial year as against 1.8 per cent in 1977-78.

This could be optimistic. Melbourne University's Institute of Applied Economic and Social Research, which believes that Australia could be heading for a long-term recession of present policies, is forecasting a 2.5 per cent growth in non-farm GDP with unemployment climbing to 500,000. In any case any pick-up in growth would run into two familiar constraints.

Any pick up in activity is likely to be accompanied by further pressure for wage increases to restore the differentials between jobs and between manufacturing sectors eroded by the present policy of indexation. It is also likely to be accompanied by an increase in imports putting renewed strains on the current account. Of the two dangers, it is the strain on the balance of payments that worries officials most.

But beyond these immediate concerns, Mr. Fraser's strategy has come under fire on the grounds that foreign investment on the major resource projects on which Mr. Fraser is counting for sustained recovery will be determined more by the state of world demand for energy and for minerals than by nudging inflation and interest rates down by a further point or two. Should such investment take place on a substantial scale, it would in any case carry with it inflationary pressures that could overwhelm the Government's present tough anti-inflationary stance. It would also result in an appreciation of the currency that would make much of Australia's manufacturing sector even more uncompetitive. A striking feature of the budget that has attracted hostile criticism in the nearby Asian region is the increase in protective tariffs—in spite of the Government's claims that no increase in protection is intended.

Whatever Mr. Fraser might say publicly, over the next year there will be strong pressures on him to reflate beyond the reduction in taxes built into the budget. State governments sensitive about their electoral prospects are worried about the level of unemployment. Officials speak of the possibility of an A$400-500m public works programme emphasising infrastructure projects like roads. And further tax concessions cannot be ruled out. A faction within the Liberal Party (and certainly within the Treasury) would like to see cuts in welfare payments to make room for more capital expenditure.

At the same time, the Government-sponsored commission on the restructuring of industry under Sir John Crawford is expected to argue forcefully that continuing recession will make more difficult the adjustments which all parties agree are necessary. The uncompetitiveness of much of the manufacturing sector — cars, textiles and footwear in particular—is a major liability to the rest of the economy.

The pace at which neighbouring Asian economies have been growing and the speed at which their industries have been absorbing new technology has come as a shock to many Australians. This is not only making irrelevant present policies over aid and security in South East Asia—it is also providing a frightening glimpse of how far areas of Australian industry are slipping behind. The resources boom that Mr. Fraser anticipates for the 1980s is matched by growing anxieties about the future of Australia's labour-intensive, high cost and overprotected manufacturing sector.

Nixon visit 'inopportune'

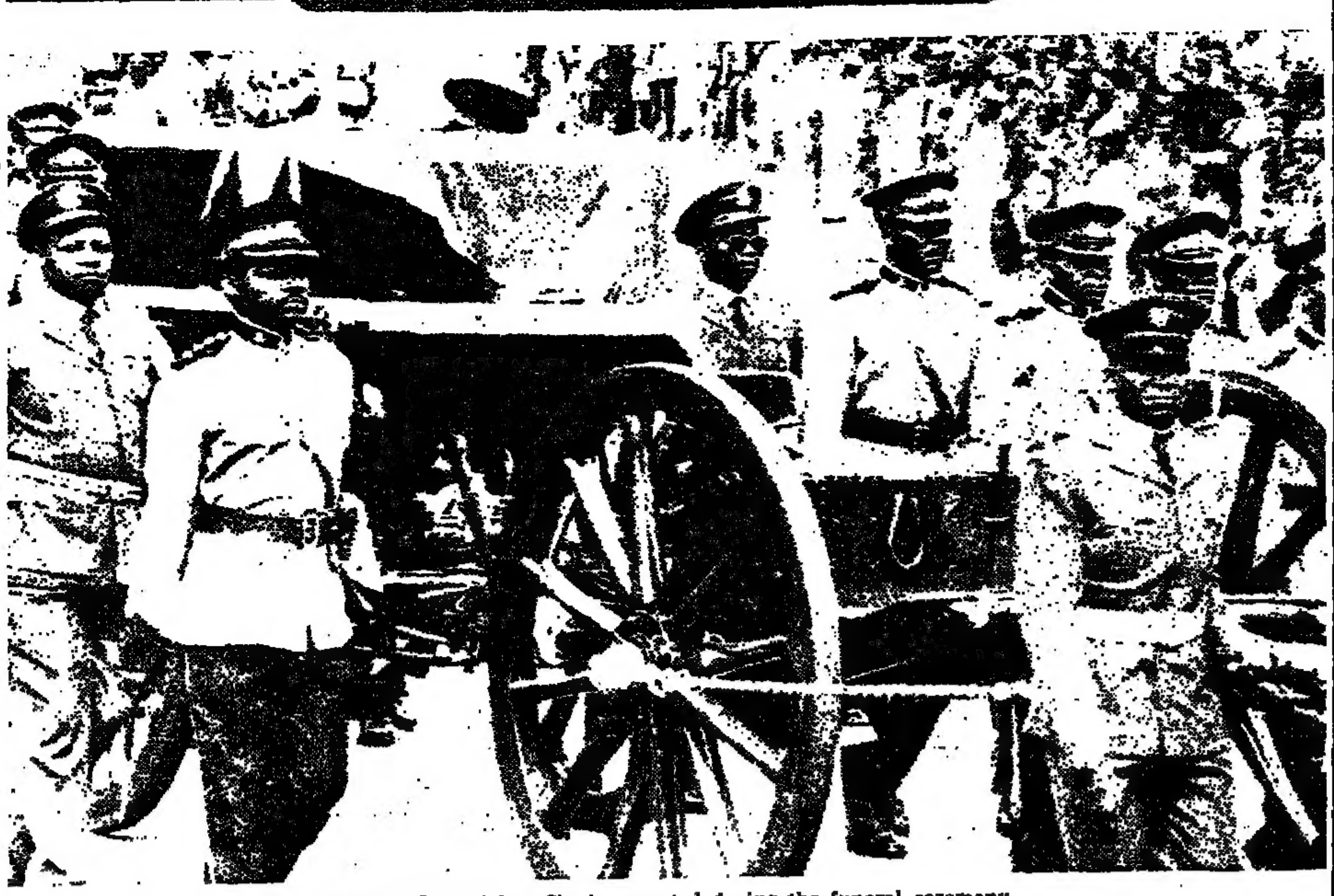
The Australian Government has turned down a request by former U.S. President Richard Nixon to make an official visit to Australia in September because it would be inopportune, according to officials, Reuter reports from Canberra. Mr. Nixon, who resigned at the height of the Watergate scandal in 1974, made the approach about the Australian trip through the Australian Embassy in Washington last month.

But he has been told that a visit to Australia next month would be inopportune because of a heavy programme of official visits from overseas dignatories, the officials said. The proposed trip would have been classed as an official visit as the ex-President had asked for meetings with the Prime Minister, Mr. Malcolm Fraser and the Foreign Minister, Mr. Andrew Peacock.

Australia's reply to Mr. Nixon's request was made after consulting the present Administration in Washington which indicated it was not concerned either way, the officials said. Mr. Nixon had planned to visit Sydney and Canberra with his wife Pat during their stay of two or three days. He may also have visited New Zealand and other Pacific countries, according to diplomats.

A spokesman for the U.S. Embassy in Canberra said that although Mr. Nixon's request to make an official visit had been turned down, it was open to the former President to apply to come here through normal channels as a tourist. An invitation to make an official visit is sometimes extended to former heads of government, and means the host government is involved in arranging hotels, travel, security, and official functions. The Embassy spokesman declined to make any comment on the Government's decision.

OVERSEAS NEWS



President Kenyatta's coffin is escorted during the funeral ceremony.

Full military honours for Kenyatta

BY QUENTIN PEEL

NAIROBI August 31.

PRESIDENT Jomo Kenyatta, first and only leader of independent Kenya and the father figure of African nationalism, was buried here today with a maximum of ceremony and military honours before several hundred thousand of his people.

The man who was detained by the British colonial government for eight years, and described as "a leader unto darkness and death" by the British Governor General, was rewarded today with the biggest funeral in modern African history. Among the dignitaries who attended were eight heads of government or state, senior delegations from all the major world powers and for Britain, Prince Charles, the Prince of Wales and Dr. David Owen, the Foreign Secretary.

It was a state funeral closely following the western pattern, perhaps in keeping with Kenya's pro-western stance in Africa, with advice on precedure from both British and American experts. It went off with considerable precision and impressive calm from the huge crowd of mourners which gathered in Uhuru park, opposite the site of the burial in the grounds of the Kenyan parliament.

The crowds lined the 1½ mile route from State House to the Parliament along which the late President's coffin was borne on a gun carriage loaned by Britain's Royal Horse Artillery for the occasion. They watched largely in silence as the cortege passed with full military escort from all three wings of the diminutive Kenyan armed forces, and followed by a fleet of Mercedes, two Rolls-Royces and an open Lincoln Continental, carrying President Kenyatta's family, the Acting President, Daniel Arap Moi, and members of the cabinet. It was President Kenyatta's last cavalcade, in a style which he himself loved.

Among the other heads of state to attend was President Julius Nyerere of Tanzania, the third member of the ill-fated East African Community, whose border with Kenya has been closed since the community dissolved. President Kaunda of Zambia attended to pay tribute to a fellow nationalist leader who has led his country continuously since winning independence from Britain.

Several African heads of state were notable for their absence, possibly a reflection of the unsettled state of African politics, including President Mobutu of Zaire and the heads of state of neighbouring Somalia and Ethiopia. However the co-president of the Comoro islands, Ahmed Abdullah recently successful in a coup backed by French mercenaries, was one surprising guest.

It may have been a service lacking in real African character but it was an example of the calm and dignified way in which the young state of Kenya has reacted to the death of its father-figure and hero.

But there was one reference in the service to the political uncertainties facing the country after President Kenyatta's death. A Presbyterian clergyman quoted the words of St. Paul: "I know that after my departure fierce wolves will come in among you not sparing the flock And from your own selves will arrive men, speaking perverse things to draw away disciples after them. Therefore be alert."

Boeing deal charge in Sudan

By Alan Darby

KHARTOUM, August 31.

SUDAN'S director of public prosecutions has ordered that the Boeing Corporation's local agent is to be charged under the Unlawful Enrichment Act in connection with the sale to Sudan Airways of four Boeing jet airliners in 1974, it has been officially announced.

The case is a Sudanese sequel to the reports of allegedly irregular payments involving the Boeing Corporation which surfaced some two years ago in the United States.

The Government prosecution case is to be based on evidence contained in documents supplied to Sudan by the U.S. Department of Justice under a bilateral exchange of information agreement signed last year during a visit to the U.S. by the Sudanese attorney-general.

The Sudan Government alleges that the documents show that Boeing's agent in Sudan, Mr. El Sir Abbas, who is sales representative in Sudan for a number of foreign companies and who owns a Khartoum travel agency, had signed two agreements with Boeing. One, marked "confidential," stipulated that his $850,000 commission on the $27m sale of the four aircraft would be paid by Boeing to accounts outside Sudan designated by Mr. El Sir.

According to information released by the director of public prosecution's office, Mr. El Sir declared and brought in to Sudan only half his commission, leaving the other half abroad.

Zambian rail strike grows

A three-day strike by Zambian railway workers is reported to have paralysed the entire rail system, writes our Lusaka correspondent. The stoppage, over delays in granting pay rises, seems likely to increase copper stockpiles at the refineries on the northern copperbelt and add to Zambia's already grave transport problems. The strike has spread from the copperbelt, where it began on Tuesday.

Security Council reviews plan for Namibia transition force

BY OUR OWN CORRESPONDENT

UNITED NATIONS, Aug. 31.

THE UN Security Council met behind closed doors today to review the recommendations for a United Nations operation in Namibia (South West Africa) to help in the territory's transition to independence from South Africa.

Members must decide when to begin public debate on the proposals, submitted to them by Dr. Kurt Waldheim, the Secretary-General, on the basis of a survey of the situation in Namibia this month by his special representative, Mr. Martti Ahtisaari.

South Africa has already raised objections to Dr. Waldheim's plan for the deployment of 7,500 UN troops in the territory to monitor the cease-fire and maintain order during the elections, which he said could take place seven months after the council approves his proposals.

Mr. Pik Botha, the South African Foreign Minister, was due in New York later today for talks with Dr. Waldheim and key delegates and to address the council in the debate. Before leaving Johannesburg yesterday, Mr. Botha expressed surprise at the large size of the military force. Dr. Waldheim himself had earlier spoken of 5,000 troops and the South Africans felt even that figure was too great.

Their own force, estimated at between 20,000 and 50,000 men, will be trimmed to 1,500 troops, to be confined to one or two camps in the northern part of Namibia once a cease-fire has been achieved.

Dr. Waldheim's report also called for the creation of a large civilian operation to arrange, supervise and control elections. At its peak, more than 1,200 professional staff, plus supporting personnel, will take part. He estimated the whole exercise would cost the UN up to $300m which he proposed should be assessed on all the membership.

John Stewart adds from Cape Town: The South African Government's concern about conflicting elements in Dr. Waldheim's Namibian settlement proposals is shared by only one of the four major Namibian political groups.

Mr. Pik Botha, South African Foreign Minister, expressed alarm yesterday at the recommendation that the transition plan should be permitted to run the full seven months contemplated in the original proposals instead of telescoping the process into the remaining four months of the year to achieve the original target date for Namibian independence, on December 31 this year.

The South African-backed Democratic Turnhalle Alliance, the group which has been most active in the field since prospects for national elections became clear about a year ago, objects to the revised election time schedule and plans to send a delegation to New York to register its opposition at the United Nations.

The South West Africa People's Organisation (SWAPO) said the organisation had no quarrel with the broad outline of Dr. Waldheim's proposals, although there might be aspects of disagreement in the fine print. SWAPO agrees there should be a large peace-keeping force to ensure a free and fair political campaign in the run-up to elections.

Hua signs agreement with Shah

BY MICHAEL TINGAY

TEHRAN, August 31.

CHAIRMAN HUA Kuo-feng, the Chinese leader, continued his talks in Tehran today with the second private meeting with the Shah in the imperial summer residence. In the morning, the two leaders signed a cultural co-operation agreement. A second agreement for scientific and technical co-operation was still being worked on and it was not clear whether it would be signed before Chairman Hua's departure for Peking tomorrow.

The Chinese leader changed his schedule today choosing to extend his private talks with the Shah and avoid seeing Iran's imperial crown jewels and a visit to the Pahlavi dynasty museum. Observers concluded that the Chinese preferred to keep their relationship with Iran on a strictly businesslike basis. A widely publicised visit by the leader of the Chinese Communist party to such overt symbols of Iran's imperial heritage might have exposed Chairman Hua to slights from some of his opponents in the Communist world.

Meanwhile sporadic trouble continued elsewhere in Iran with violent demonstrations and clash in Meshed, the holy city of the Moslem Shi 'Ite sect. Today marks the end of 40 days of mourning since the death in a car accident of a prominent religious leader—an incident which triggered off four days of violent rioting. In an obvious attempt to appease Meshed's religious community, the Shah last week asked for the resignation of Mr. Abdel Azim Valian, governor of Khorassan province and Deputy Grand Trustee of the Holy Shrines who had carried out a number of radical changes around the shrine area including the demolition of the bazaar and a large number of houses.

Heavy Syrian losses claimed

BY RICHARD JOHNS

BEIRUT, August 31.

SYRIAN TROOPS of a joint Arab peace-keeping force have lost 1,000 to 1,500 dead since July 1 when they came into open conflict with the Christian militias, according to Mr. Dory Chamoun, Secretary-General of the National Liberal Party, the second leading Maronite faction.

The son of the former President of Lebanon, Mr. Camille Chamoun, estimated that even with their heavier weapons, an attempt by the Syrians to subjugate fully the mountainous Christian heartland would cost them "not less than another 5,000."

The death toll suffered by the Phalangists and the "Tigers"—the militia of his own Party—would be "very heavy," he said.

He calculated civilian casualties in the mainly Christian sector of East Beirut as 1,000 dead and probably twice as many wounded during the past eight weeks. In addition, he claimed that no less than 20,000 families had been made homeless by the bombardment — including his own.

Mr. Chamoun described President Elias Sarkis as an "American stooge" who despite his threat to resign last month was participating in a U.S.-Syrian plan to bring the Lebanon completely under control of Damascus as part of Washington's plans to bring about a peace settlement in the Middle East.

"The U.S. would like to crush the Christian sects in order to establish a Palestinian presence permanently in the Lebanon and thereby ease the way towards a solution to the Arab-Israeli problem," he said.

At a recent meeting with his father, Mr. Richard Parker, the U.S. Ambassador, has explained that one reason why his Government was trying to pressure Israel into not helping the Christian paramilitary groups was because of its fear that they might escalate conflict to the point of provoking a Middle East war.

Mr. Chamoun denied that Israeli military experts were in Lebanon helping the right-wing militias and declined to say what material support had been provided. But he paid fulsome tribute to the Jewish State not only for its public relations effort publicising the plight of the Christians and actively supporting the militias along the Lebanon's southern border but also for resisting U.S. pressure aimed at bringing an end to its interference in the Lebanon.

AMERICAN NEWS

NICARAGUA

Rebels and troops in conflict

BY JOSEPH MANN

MATAGALPA, August 31.

CIVIL WAR has erupted in several provinces of Nicaragua this week and this northern city of some 45,000 residents is now the centre of bloody, daily combat between young rebels and the Nicaraguan army.

In a desperate attempt to put down a rebellion in this agricultural community 130 kilometres north of the capital, the ring-wing President Gen. Anastasio Somoza, has ordered air attacks on the town and has sent in hundreds of heavily-armed national guardsmen. Anti-Government rebels in the cities of Jinotepe, Masaya, Esteli and Leon have also taken control of downtown areas and are engaging in fierce exchanges of fire with superior numbers of better-armed Government units. The capital city of Managua has remained quiet, due to the heavy concentration of troops and police who guard the President there.

In Matagalpa, more than a score of civilians have died and hundreds have been wounded over the past two days. Three helicopters and two light aircraft armed with machine guns and rockets began attacking the town early on Tuesday afternoon, and returned again yesterday morning.

In addition, the National Guard, the only military force in the country, has sent forays into rebel-held districts.

Arriving here yesterday, I found badly - wounded civilians, mostly women and children, packed into the city hospitals. Hundreds of persons were fleeing the town, carrying bundles of clothes and food on their heads or packing essential belongings into cars. Most of the town was fully under the control of rebels, who crouched behind piles of fertiliser sacks placed at key inter - sections, or who wandered the streets in small bands.

Most of these anti-Somoza rebels are from 12 to 20 years of age. They wear masks and are armed with pistols, shotguns, light calibre rifles, and home-made bombs.

The re-enforced garrison of National Guard troops, who numbered about 400 yesterday, sent occasional patrols through the city to attack rebel outposts. In one of the sorties, the Guard attacked the Hotel Sosa when a young rebel ran inside. Helmeted troops had entered the building from two sides, firing U.S.-made rifles.

Besides killing the youth, the soldiers cut down two men and a young woman who were staying at the hotel. Their bodies, torn by high-calibre rifle bullets, were grotesquely twisted and lying in pools of blood in one of the main rooms.

The Archbishop of Managua talked with rebels and the military most of the day yesterday in Matagalpa and set up a temporary cease-fire which provided the town with a few hours of relief. The archbishop, however, told me "the truce was broken. Soldiers surrounded several districts in order to take up better positions while the truce was in effect. You could see them surrounding the area while the people were still negotiating."

The military commander in Matagalpa, Col. Rafael Martinez, told newsmen that, if the rebels were to turn all their weapons over to the Red Cross, "we would have no problems." Although he had seen the archbishop only moments before, he was not disposed to support a truce and refused to answer directly reporters' questions.

The conflict in Matagalpa will not be resolved without much more violence. Rebel youths in several parts of the city told me earnestly, "we're not going to leave. We want Somoza's repression to end." The National Guard, on the other hand, generally views the rebels as agents of "international communism" and as a menace to be eliminated violently.

The threat of uprisings in Matagalpa and other Nicaraguan cities has never been greater for the regime of Gen. Somoza. The 52-year-old strong man is also facing a widely-supported general strike which has closed many businesses in the capital and halted most commercial activity in the provinces.

His Government was humiliated last week when Left-wing guerrillas seized the Congress in Managua and took some 1,000 hostages. The guerrillas, members of the Sandinist Liberation Front, have mounted increasing pressure on the Government since late last year.

Gen. Somoza has had relatively little success in controlling them, they enjoy considerable popularity among Nicaraguans. Last week, after the Government had agreed to allow the guerrillas to leave the country with a number of colleagues newly freed from jail, thousands of people stood by the airport road and cheered the rebels on, shouting, "Somoza must go."

The Somoza regime was also rocked early in the year by a two-week national strike backed by most businessmen, workers, and even some Government employees. The strike, along with street violence in the capital and provincial cities followed the murder of a liberal newspaper editor and outspoken critic of Somoza, Sr. Joaquin Chamorro.

Further sign of slowdown in U.S. economic growth

BY JUREK MARTIN, U.S. EDITOR

WASHINGTON, August 31.

FURTHER EVIDENCE of the reduced rate of American economic growth was provided today with the announcement that the index of leading economic indicators fell last month by 0.7 per cent, according to provisional estimates.

This is the first drop in this index, which is designed to point to future activity in the economy, since January, when the severe winter was an overriding factor and the largest not directly attributable to the weather since the depths of the 1974-75 recession.

A one-month swing in the index, which rose by 0.5 per cent in June, is not normally considered significant. However, ample economic data has been published recently to suggest that the spring boom (in the second quarter Gross National Product rose at an annual rate of 8 per cent in real terms) had burnt itself out.

Only yesterday, for example, the Government announced that factory orders last month had fallen by 3.5 per cent. This foreshadows a drop in industrial production in the months ahead.

Morever, today's data confirmed earlier evidence of a sharp fall in the number of building permits sought. The construction industry has been moving ahead apace throughout the summer but the drop in permits presages a tailing off in activity and probably reflects the fact that higher interest rates are now beginning to be felt.

A slower rate of American growth, whether or not directly induced by tighter monetary policies is, of course, by no means detrimental to the health of the dollar. A narrowing of growth differentials between the U.S. and its principal trading partners would help reduce the American trade deficit, which, it was announced on Tuesday, nearly doubled last month, thereby knocking the dollar sharply downwards.

Conscious of this, Administration officials have dropped their criticism of the Fed's monetary approach in recent weeks. However a more traditional view can still be heard in Congress: Congressman Henry Reuss of Wisconsin, one of the most economically literate members on Capitol Hill, again this week bemoaned the effect that higher interest rates were having on the domestic economy.

For the record, the Administration is still projecting real economic growth for both the full year and the last six months of 3.5 to 4 per cent. But any progressive slowdown as the year comes to an end is bound to make much more difficult the attainment of the promised 4 per cent real expansion in 1979.

Legal move threatened on steel

BY DAVID BUCHAN

WASHINGTON, August 31.

STEEL COMPANIES in the U.S. will reinstitute their anti-dumping suits against foreign producers, particularly those in the EEC, if the flow of Steel imports to the U.S. is not curbed soon, the chairman of the American Iron and Steel Institute warned today.

Mr. Lewis Foy put the blame for the big jump in July imports to nearly 1.8m tonnes squarely on EEC producers, whose shipments to the U.S. in July rose to 72 per cent above the June level. By contrast, he commended the "responsible" behaviour of the Japanese, whose exports to the U.S. rose by only 15 per cent.

Mr. Foy, also chairman of Bethlehem Steel, told a news conference that steel companies in general had held anti-dumping suits in abeyance, while waiting to see the effects of the trigger price system which came into effect on April 1. But Bethlehem Steel, for one, was now likely, he said, to file a massive suit which it had prepared last autumn against various EEC producers. He also cited Congressional pressure on U.S. steel companies to take court action as a means of protecting jobs in their U.S. industry.

At present rates the AISI chairman said imports would reach 20m tonnes, a new record, compared with the 1977 level of 19.3m. For the first seven months of 1978, imports were running at 30 per cent above those of last year.

The domestic industry was initially encouraged about the effect of the trigger price system, as reflected in the May and June import figures, and Mr. Foy was not ready yet to call for the complete scrapping of the trigger system, introduced to alert the U.S. Treasury more quickly to cases of possible dumping.

But, he said, a separate, and probably lower, level of minimum trigger prices for EEC producers should be considered by the U.S. The rise in the Japanese yen (on which the trigger prices are based) against the dollar had meant a rise in the overall level of the trigger prices, giving "an umbrella of protection to high-cost European producers." The trigger prices are due to rise by another 4 per cent on October 1, to bring the increase for the year to some 10 per cent.

He ruled out imposing quotas on imports of foreign steel. This, he said, had been tried in 1969-70 but had been eventually evaded by foreign suppliers who re-routed shipments to the US through quota-exempt countries.

The danger of letting Europeans get away with what Mr. Foy persistently referred to as dumping was that Japan might react to seeing its share of the US steel market taken by EEC producers, and retaliate with similar methods. If the dumping provisions of the 1974 US Trade Act were strictly enforced, Mr. Foy doubted whether any EEC steel, and any more than a much-reduced volume of Japanese steel, would enter the US.

He recognised that this was "politically impossible," but pointed to understandings reached by the US trade negotiator, Mr. Robert Strauss, with Japan and the EEC that producers in all three major steel-supplying areas would behave responsibly until some new international steel agreement could be worked out.

The AISI today released a study the results of which claimed to show that dumped imports in 1977 cost the US steel industry some $4bn in lost markets and depressed prices. According to US Treasury officials, steel company profits and shipments this year are well up on those of last year, and inventories are not at unduly high levels.

Third World secretariat planned

BY K. K. SHARMA

BEUNOS AIRES, August 31.

A PROPOSAL to establish a permanent secretariat for the Third World, on the pattern of the OECD secretariat in Paris, is being discussed by delegates of the Group of 77 developing countries. It is expected to come before the UN Conference on Technical Co-operation among Developing Countries (TCDC) on Monday, and a decision should be taken next week.

Third World countries have been meeting at various levels, and discussing a variety of subjects, over the past few years, but have been handicapped by the lack of a professional secretariat to service and process discussions and decisions taken by them.

The main problem is finance. A way to overcome that is being sought through a proposal for formation of a small but representative commission of Ministers of the Group of 77 (which actually consists now of about 120 members). If the proposal succeeds, the commission will be serviced by a secretariat financed by the UN.

Although its functions would formally be limited to servicing programmes on technical co-operation among developing countries, this mandate would give it sufficient scope to function as a permanent secretariat for the Third World on all the issues with which it is concerned.

Mexico political murder

BY WILLIAM CHISLETT

MEXICO CITY, August 31.

THE BODY of Sr. Hugo Margain, the son of the Mexican Ambassador to the U.S., was found last night on a side road in the south-east part of Mexico City. Sr. Margain, a 36-year-old professor of philosophy, was kidnapped near his home on Tuesday evening.

Police believe that the victim, whose father was Finance Minister before going to Washington, was shot by the League of the 23rd of September, although this has not been officially confirmed.

It was not known whether the kidnappers demanded anything for the release of Sr. Margain. Observers interpreted the kidnapping and killing as a deliberate attempt to try to press the Mexican Government into granting an amnesty to political prisoners.

Tomorrow, the President, Sr. José Lopez Portillo, will make his annual state of the nation address, and there have been reports that he may grant a general amnesty. The official Government line is that there are no people imprisoned in Mexico for their political beliefs, but only for political activities. The left-wing opposition, however, say that there are several hundred political prisoners including political exiles. The opposition also claims that there are many people who have "disappeared."

GENERAL SERVICES ADMINISTRATION AFFAIR

Bribery and fraud alleged

BY JUREK MARTIN, U.S. EDITOR

WASHINGTON, August 31.

FOR ALL its 35,000 employees and multi-billion dollar budget, the General Services Administration has been one of Washington's more anonymous institutions. But its obscurity is in the process of being broken wide open by a series of revelations and allegations of financial impropriety and outright bribery on a truly grand scale.

The GSA is basically the Federal Government's housekeeper, office manager, purchasing agent and record keeper all rolled into one. It buys anything from pocket calculators to buildings for Government use.

Now, according to the agency's own chief legal investigator, as many as 50 of its employees may be indicted on charges of receiving kickbacks for artificially high cost contracts. Swiss bank accounts are suspected of being used.

Four or five repair and maintenance contractors are understood to have agreed to plead guilty for having defrauded the Government for work either under done or never done and are co-operating with the authorities in their inquiries.

An unspecified number of GSA staff are reportedly about to be fired. Moreover, in a rare move for the federal bureaucracy, the GSA is actually re-hiring several former employees who had been dismissed for blowing the whistle on assorted malfeasance. The word around town is that the GSA scandal could, in financial terms, be the largest affecting the Federal Government in many years.

On the surface, it appears that much of the finagling has been of a type that is only too common in dealings between the Government and the commercial sector not only in the U.S. but elsewhere in the world.

A Washington Post investigation last week found, for example, that the GSA, although buying supplies in bulk, was actually paying more for such items as typewriters, calculators and video cassette machines than the average citizen would by patronising one of the many local discount retail stores and purchasing just one piece of merchandise.

In political terms, the case, as details are disseminated round the country, is certain to increase the public's mistrust of the Federal Government.

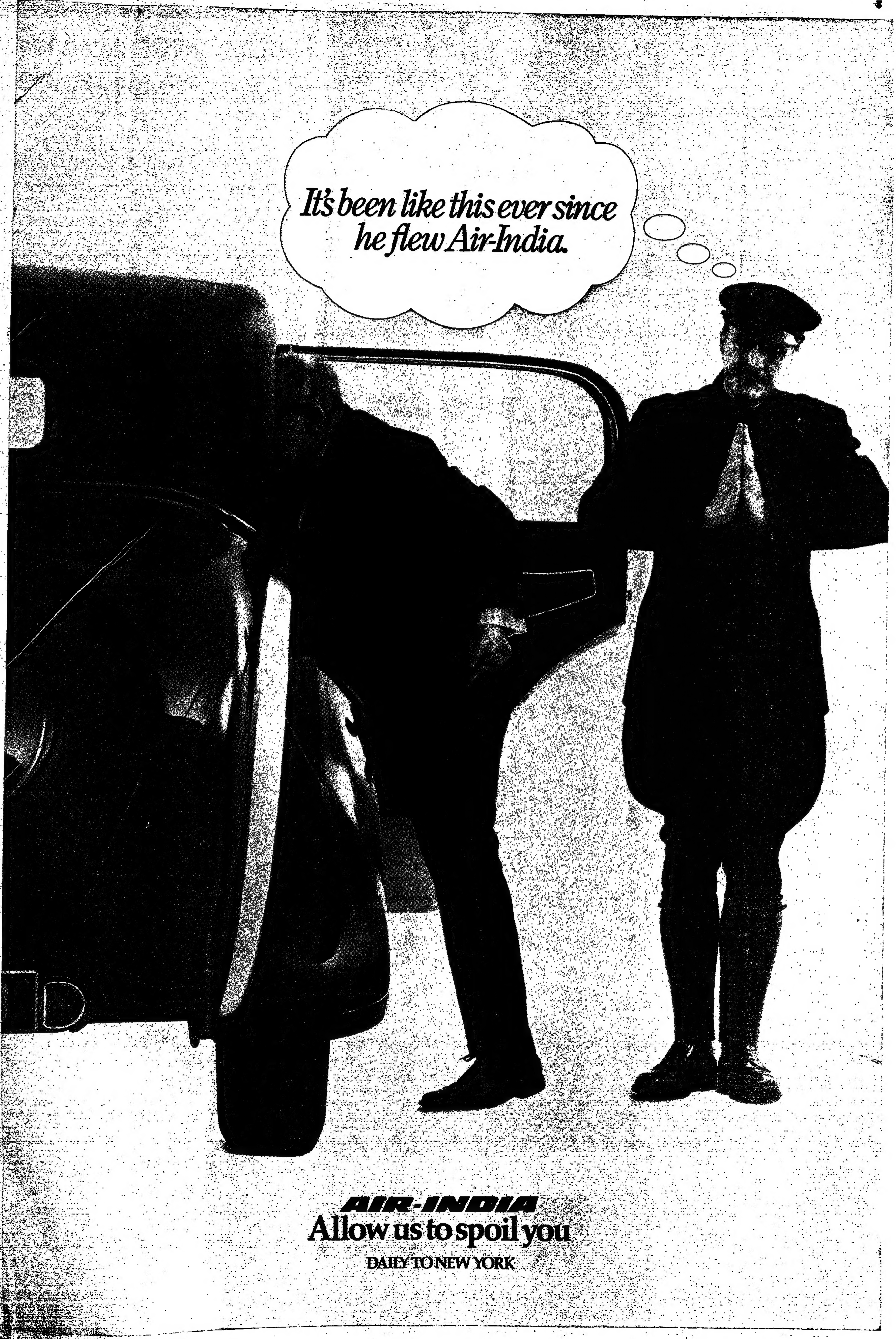
But one particular politician who may be a little uneasy about the course of events at present is Mr. "Tip" O'Neill, the Speaker of the House of Representatives. This is not because Mr. O'Neill is suspected of any impropriety himself but because of his vigorous public defence of an old friends who was seen as an obstacle to internal housecleaning at the GSA.

Earlier this month, Mr. Jay Solomon, President Carter's appointee as head of the agency, dismissed Mr. Robert T. Griffin, the Speaker's associate, as his number two, on the grounds that he was blocking internal reforms. Mr. O'Neill thundered outrage, and Mr. Carter found a job for Mr. Griffin on the staff of Mr. Robert Strauss, his inflation adviser, at the White House.

Mr. Solomon, however, seems to be in the process of having the last word. He has rehired two men from the Boston office of the GSA who had been investigating alleged abuses in Massachusetts—which happens to be Mr. O'Neill's home state—and upgraded in rank two officials who had been demoted by Mr. Griffin.

This presents something of a delicate problem for President Carter, though one over which he may have minimal control now that the legal processes are thoroughly under way. If Mr. O'Neill take umbrage again, as he did earlier this month, he may not pull his much needed weight as Speaker as Congress gets down to considering such critical matters as the natural gas Bill, the defence Bill veto and a host of appropriations measures next month.

The President has himself made much of reforming the bureaucracy and his civil service reform Bill, designed to make it harder for Government employees to hide behind their security of tenure, is part way through Congress. Its chances of final passage may have been improved by the unfolding scandals at the GSA.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DAILY TO NEW YORK

WORLD TRADE NEWS

Japanese may end export restraint

BY CHARLES SMITH

TOKYO, August 31.

JAPAN'S POLICY of deliberately restraining the volume of its exports to the same level of last year will be reconsidered and possibly suspended within a few months because exports are falling anyway as a result of yen revaluation.

This is the substance of statements made during the past 24 hours by the Minister of International Trade and Industry, Mr. Toshio Komoto, and by MITI officials concerned with exports.

The background to the statement is a 2.5 per cent fall in Japan's export volume during the first quarter of the current fiscal year (April-June) followed by an exceedingly sharp 7.6 per cent fall in July.

Officials say they think the July figure may turn out to have been a freak. The figures for the next few months will therefore be watched closely before a trend is assumed to have been established. By the autumn however MITI may well be in a position to lift the formal restraint policy currently in force.

Apart from limiting the overall volume of exports, the Government has been keeping a particularly close watch on four items which have caused trouble in the past: cars, ships, steel and TV sets.

With the exception of cars, which saw a 16.2 per cent export gain (in volume terms) during the April-June quarter, all the other sensitive items on the MITI list have been declining rapidly.

Steel exports fell 9.5 per cent from year-ago levels in the April-June quarter, and 19.7 per cent in July alone. Ship exports were down 43.3 per cent in April-June and by 52.1 per cent in July. TV exports fell 15.3 per cent in April-June but only 6.0 per cent in July (the smaller July fall is attributed to the fact that an orderly marketing agreement restricting Japanese TV sales to the U.S. began to operate in July, 1977 so that sales were already low in that month).

Car sales fell 1.7 per cent in July and MITI officials think they will continue to decline later in the year, reducing the overall export figure below the level for fiscal 1977. The decline in export volume does not, of course, mean Japan's dollar-denominated export earnings have been falling.

These are in fact sharply up owing to the effects of yen revaluation and dollar devaluation on the prices of Japanese exports. In yen terms, however, Japanese export earnings have been dropping; indeed, the fall in some months has been faster than the decline in volume (indicating that some exporters have cut their prices in yen).

The lifting of the overall export restraint policy is not likely to cause any serious problems with Japan's trade partners, several of whom (the U.S. and West Germany) have made it clear that they dislike the policy anyway, except as a very temporary expedient.

What will continue to cause problems is the stagnation of Japanese imports. These have been running well below year-ago levels in volume terms during some recent months and the latest indicators suggest that there is little chance of an upturn in the near future.

A particularly depressing advance indicator released today was the value of export contracts signed in July by the major trading companies. The contracts were worth Y516bn, down 22 per cent from July 1977, and the smallest monthly figure since April 1973.

Britain lags on manufactures

BY LORNE BARLING

BRITAIN IS now maintaining its competitive position in world markets, but growth in exports of manufactured goods is still lagging behind other countries, according to a Department of Trade survey.

It points out that after a long period of decline in Britain's share of world markets, growth in export volume during recent years has been much closer to that of our competitor countries.

But overseas sales of manufactured goods are seen as crucial to total UK export performance, as in competing countries, even though this varies according to the nature of each economy.

The report, Export Performance since 1960, points out that while 83 per cent of UK exports in 1976 were manufactured, the comparable figure for West Germany was 89 per cent and Japan 96 per cent, while Britain is more dependent than either on world trade.

Britain's share in the value of manufactured goods exported by the industrial countries had fallen from about 16.5 per cent in 1960 to less than 9 per cent in 1978. During the same period there had been a lesser decline in the U.S. share and little change in the shares of West Germany and France.

Japan had won a marked increase in the share from 7 per cent to 15 per cent, and the growth in exports of British manufactured goods was about half that of other countries, and a third of Japan's.

"This pattern is similar to that of growth rates of GDP and industrial production, illustrating the close relationship between trade, industrial and general economic performance," the report observes.

However, over the past four to five years UK export volume growth had tended to increase at rates closer to competitor countries, and the UK had been holding its own in market share by value.

It is claimed that the steady decline in Britain's effective exchange rate has not resulted in any turn-round in export performance, and done little more than compensate for a higher inflation rate and lower productivity growth.

● Sir Frederick Catherwood, chairman of the British Overseas Trade Board, said yestreday that it was necessary to invest far more in the market sector rather than the public sector.

"Japan's expenditure on its industry has been exceptional, but even to catch up with West Germany it has been estimated that we need to put another £100bn into the market sector," he said, speaking at a seminar at Nottingham University.

Abu Dhabi award for UK concern

By Rhys David

AMES CROSTA BABCOCK of Heywood in Greater Manchester has signed a £9m contract to supply a new sewage treatment plant for Al Ain, the proposed new administration centre for the Emirate of Abu Dhabi.

The company will be principal sub-contractor in the project, civil engineering work for which is being carried out by a Korean group—Keang Nam Enterprises of Seoul. The design for the complete project, which is expected to take 2½ years to complete, has been undertaken by Balfours, London-based consulting engineers.

The contract represents a further Middle East success for Ames Crosta Babcock, part of the Babcock and Wilcox Group, and follows a £72m turnkey project currently under way in Riyadh, Saudi Arabia. This involves construction of a treatment plant capable of delivering to the city 60 tonnes of potable water a day, from blackish water located in the Buwayh field 70 km north east of the city. Civil engineering work on this project is now nearing completion and installation of the water treatment plant will be taking place over the next 12 months.

Until 1973, Ames Crosta Babcock was dependent for about 90 per cent of its business on the UK market, but at the opening of a new office complex in Heywood yesterday the chairman of Babcock and Wilcox, Mr. John King, said that in the current year 93 per cent of turnover would be in export markets, most of it accounted for by the Riyadh contract.

The company which specialises in the whole field of water treatment from drinking water to sewage was forced to turn to export markets because of the severe U.K. public expenditure cutbacks. Exports this year are expected to reach £43m.

For the Al Ain project the company will supply all mechanical equipment associated with the treatment plant and pumping stations, diesel powered electrical generated facilities and the electrical and control equipment for the entire installation, together with the oxygen generation plant, air conditioning and plumbing. Two other Babcock companies will also supply equipment: Babcock - Moxey (electrical equipment) and BV Machinefabriek Spaans of Holland (pumps).

● Storno announced orders worth £2.7m to supply Saudi Arabian Government departments with a wide range of radio communications equipment. The Camberley-based company has achieved record exports in the past year with slightly over 40 per cent of all production, which has more than doubled over the past two years, being for overseas markets.

Gas plant tenders invited

By Pearl Marshall

A GERMAN utility has invited tenders for what it believes could be the world's first floating generating plant to exploit offshore gas wells too uneconomic to link to the shore by pipeline.

Nordwestdeutsche Kraftwerke (NWK), mainly owned by the partly state-owned Veba, is planning construction of a 350 MW prototype power station using gas turbines, at a cost it estimates at DM 500m-DM 600m (about £125m-£150m).

The barge-mounted station would be towed to the gas pocket, and its electricity sent ashore by submarine cable.

NWK plans to harness its prototype to a field off Helgoland in the German sector of the North Sea.

The utility believes it a good commercial opportunity to go ahead quickly with the ideas of Dr. Erhard Keltsch, an NWK Board member.

It aims to have the project operating by 1981—some years earlier than plans being studied by Britain, Norway, France and others.

The German gas also has a high nitrogen content, compared with gas in the British or Norwegian sectors, which would make it expensive to purify if it were brought ashore as gas.

According to NWK's own estimates, the electricity from its floating plant would be competitive with oil- or coal-fired electricity generated ashore, but more expensive than nuclear electricity.

A British study for Britain's Offshore Supplies Office on the feasibility of generating electricity on floating power stations was completed recently by engineering consultants Preece, Cardew and Ryder.

The NWK project will need approval from both the Bonn Government and the EEC in respect of insurance.

● Vickers has been informed by the Central Boycott Officer in Damascus that all its companies, operating groups and subsidiaries have been removed from the Arab boycott list.

Greek deficit increases but invisibles improve

BY OUR OWN CORRESPONDENT

ATHENS, August 31.

GREECE had a trade deficit of $2.6bn in the first seven months of this year, compared with a deficit of $2.2bn in January-July, 1977.

According to figures released by the Bank of Greece, imports in January-July, 1978, increased by 12.1 per cent to a total of $4.2bn while exports increased by only four per cent to $1.6bn.

The trade deficit was largely covered by a 14 per cent increase in invisible earnings which totalled $2.2bn. These came mainly from tourism which was up 30.2 per cent at $611m, shipping which was down one per cent to $652m and emigrants' remittances which increased 7.6 per cent to $520m.

Invisible payments totalled $569m leaving a deficit on current account of $991m in January-July this year, and increase of 23.9 per cent over the same period of 1977.

The Minister of co-ordination Mr. Constantine Mitsotakis, has predicted that gross domestic product will increase by more than 5 per cent in 1978, while the consumer price index will rise by less than the 13.5 per cent predicted in the OECD economic survey for Greece.

● The Soviet Union has agreed in principle to help build an aluminium plant in Greece with a capacity of 600,000 tons, the government announced.

The Soviet Union will instal all machinery and provide technological know-how for the plant, and will accept the plant's output as payment. It must also continue to buy its products after the costs are repaid.

Soviet absorption of the aluminium plant in Greece with a have to distribute it on foreign markets against the desires of international cartels, the government said.

The company's administration will be all Greek and the plant will be built in the central part of the country near its major bauxite reserves.

Oslo hosts oil seminar

BY JAMES McDONALD

THE FIRST seminar between the Organisation of Arab Petroleum Exporting Countries (OAPEC) and a Western oil exporting nation, Norway, will be held in Oslo from September 27 to 29.

Between 300 and 400 delegates are expected to attend—about 80 from OAPEC and the remainder from Scandinavian countries. No British observers have been invited, nor the multinational oil companies, although there will be international press representation.

The theme of the conference will be how North Sea oil development has affected the economy and practice of an industrialised nation—Norway—compared with the problems facing comparatively underdeveloped Arab countries.

One of the objectives of the conference, from the Norwegian point of view, will be to sell Scandinavian "know how and services" to OAPEC countries.

A second phase of this Norwegian attempt to increase its sales of know-how and equipment to Arab nations will be a folow-up invitation to the entire Arab delegation to visit industries in Nordic countries between October 2 and 6.

Explaining the project in London yesterday, Mr. Einar Risa, Councellor at the Norwegian Ministry of Foreign Affairs, stressed that Norway wanted to develop economic ties with Arab countries. Sweden, Finland and Denmark would be represented at the conference and would be co-operating in the follow-up sales drive.

The seminar, sponsored by OAPEC, will be the fourth of its international seminars organised since 1974.

Danish bid to help business

By Hilary Barnes

COPENHAGEN, August 31.

THE NEW Danish coalition Government plans to assist business by increasing the foreign loan allocation of the State Mortgage Bank. According to information available so far the loan allocation will be raised from about Kr 200m ($36m) to about Kr 1bn ($180m) a year.

The Mortgage Bank normally relends the money by means of private placements for industrial investment purposes. A Bank official said today, however, that it had not yet been informed of the Government's plans and he could not confirm reports that the loans will carry a guarantee against exchange rate losses. This would enable companies to borrow the money at roughly 10 per cent with no fear of revaluations compared with loans on the *domestic bond market* which carry an interest rate of roughly 16½ per cent.

Siemens order

MUNICH, August 31.

SIEMENS said that it had received a DM 50m order to deliver electrical components for a new television centre in Saudi Arabia, Reuter reported.

Siemens will supply control panels, transformers and an emergency electrical supply system for the Riyadh-based centre.

Work on the project has begun and the centre is due to start operations at the end of 1981, the spokesman said.

● Britain is to contribute £4.32m from the aid programme to the World Bank's second Maternal and Child Health and Family Planning Project in Egypt, the Ministry's largest contribution so far to a population project.

FORESTRY IN BRAZIL

Timber spin-off from power plan

BY DIANA SMITH IN RIO DE JANEIRO

THE BUILDING of Brazil's Tucurui hydroelectric scheme on the Tucantins River in Para state involves an unusual commercial spin-off.

The $1.5bn project, for which Creusot Loire and Schneider of France is supplying a major part of the equipment (financed by a $250m loan led by the Credit Commercial de France), entails the flooding, three years from now, of a 540,000 acre, densely-wooded area—a total of some 28m cubic metres of timber, over a third of which is of high, exportable quality.

Rather than wastefully burn off the forests — part of which can also be used for domestic timber consumption or for making vegetable coal — Eletronorte, the regional electricity authority responsible for Tucurui, has decided to offer commercial exploration of the wooded areas to Brazilian or foreign bidders. Even before the tender has been opened 14 lumber companies have asked to be *registered as prospective bidders.*

The undertaking is vast in the area of exportable timber alone it would involve production of 4.5m cubic metres a year for three years—at an estimated cost of $600 per acre — $3.24bn for the full 540,000 acres.

Since Brazilian law prohibits export of trunks, it will be necessary to set up at least 30 large-scale lumber mills to process the wood. Eletronorte maintains that foreign lumber companies (which apparently already include West Germany, Canadian and Finnish concerns interested in this pioneer project) are welcome to join the bidding — as long as they associate with Brazilian capital.

The impact on the world lumber market of the Tucurui area's 4.5m cubic metres a year is bound to be considerable. No one yet knows how it will affect today's major suppliers in Africa and Malaysia.

The building of Tucurui—and the flooding—involves another major operation—detouring of a 15km stretch of the trans-Amazon highway, and uprooting of members of the Paracana Indian tribe whose reservations are located in the area. Through Brazil's National Indian Foundation, the Indians affected will be offered alternative pieces of land equal to those that will either be flooded or affected by the new stretch of the highway.

When completed, Tucurui will provide electric energy for the Albras/Alunorte alumina-aluminium projects planned for Para state.

Volvo is finalising plans to manufacture heavy lorries and urban or long-distance buses in Brazil, Diana Smith reports from Rio de Janeiro. If all goes to plan, bus production will begin at the end of 1979 and lorry production six months later. The total investment involved is $111m.

The success of the operation hinges on radical re-thinking by Brazil's hauliers and public transport operators — mainly small, independent concerns who opt for medium-sized lorries or smaller buses on the grounds that they cannot afford larger or more up-to-date vehicles.

HOME NEWS

Engineers' employers to query election candidates

By Kenneth Gooding, Industrial Correspondent

IN A significant change of policy, the Engineering Employers' Federation is to take an active role for the first time in the run-up to the General Election.

The federation, whose 6,300 member companies employ more than 2m people, is asking engineering employers' associations throughout the country to contact party candidates and press the key issues which the Federation claims are vital to Britain's industrial success.

The issues selected are: industrial policy; industrial relations and employment law; the future of pay bargaining; and taxation.

Mr. Anthony Frodsham, director general of the federation, said yesterday: "Unlike the trade unions, whose objective is to seek the election of another Labour government, our members do not wish to enter party politics.

"Victim"

"However, they believe that they must now draw the attention of politicians to the real industrial problems and ensure that industry ceases to be the victim of polical dogma and experiment.

"Many candidates from all political parties will accept that the record of post-war British government industrial policies has proved to be disastrous.

"Many, too, will agree that it is time to see the problems as national ones that depend upon wide consensus for their resolution."

The federation has produced a pamphlet, Key Issues for a New Government, which will be distributed to all federated companies, members of both Houses of Parliament, to industrial and trade union leaders. Copies are available, free, from the Federation.

Sterling fall is forecast

Financial Times Reporter

STERLING IS likely to fall by about 4 per cent on a trade-weighted basis by early next year, according to City stockbrokers Montagu, Loebl, Stanley.

The firm says that sterling has risen 6 per cent over the last year on a real trade-weighted average basis and this loss of competitiveness will further impair the UK's non-oil trade unless it is quickly reversed.

The negotiations over a revitalised snake are likely to make the UK authorities more amenable to a degree of devaluation in order to avoid entering a relatively fixed parity system with an overvalued currency.

Safety service for executives

A NEW division of the British Safety Council has been formed to enable executives to find the vital safety factors for their businesses amid the "explosion" of information on the subject.

Called Senior Executive Briefings, the division will give the sort of information needed to keep companies out of the courts, protected from civil claims and realistically insured.

Jobbers seek to deal in European options

BY JAMES BARTHOLOMEW

LEADING JOBBERS Wedd Durlacher and Smith Brothers have asked the London Stock Exchange Council for permission to apply for joint membership of the European Options Exchange.

They are explicitly not asking for permission to deal in options whose underlying securities are British companies, since this might damage the London market.

If the Council agrees, Wedd Durlacher and Smith Brothers will become the first British jobbers to join the European Options Exchange and the first members of the London Stock Exchange to become market makers there.

So far three London brokers have joined the European Exchange—W. I. Carr and Sons, Joseph Sebag, and Phillips and Drew—but all these are public order members. A market maker operates like a jobber, whereas a public order member is roughly equivalent to a broker.

Mr. David Heath, a director of Smith Brothers, said that the jobbers plan to set up a joint overseas company which would initially have two or three employees on the Amsterdam exchange. They would not deal in options based on British securities "because we don't want to compete with ourselves," he said.

"We believe in the London central market and do not want to do anything which would be potentially damaging to it."

In any case, business on the European Options Exchange based on British companies has been negligible, because of technical problems and the rivalry of the London traded options market.

Trading in Amsterdam is primarily based on Dutch and then American securities. In the last few weeks, volume has improved considerably. The record number of contracts in a day has topped 3,000 recently.

Membership of these leading UK jobbers would give another fillip to the market.

Publishing industry sales up by 5.4% in first quarter

FINANCIAL TIMES REPORTER

SALES FOR the printing and publishing industry during the first three months of the year were up on the same period last year.

However, British printers are worried about imports of cheap printed material, and are demanding an extension of the quotas on some grades of paper—even though paper manufacturers are being badly hit by imports.

The latest issue of Business Monitor, covering the general printing and publishing industry, shows that total sales for the first quarter of 1978 amounted to £585.6m, compared with £515.4m in the same period last year.

After adjusting for the effects of inflation, sales were 5.4 per cent higher over the three-month period.

The increase in the value of sales was due mainly to rises of 12 per cent in book printing, 5.3 per cent in other printing, 13.6 per cent in book publishing and 8.3 per cent in other publishing.

The British Printing Industries Federation will ask the Government to increase the amount of paper allowed to enter the UK from countries in the European Free Trade Area, free of duties.

Imports

Quotas for the present year were fixed below the maximum permitted under EEC/EFTA agreements, and the federation claims that they are already exhausted. All paper imported from EFTA now has duty on it.

Certain grades of paper are not available in the UK, or are available in insufficient quantity, and therefore must be imported.

The federation claims that since many EEC countries are self-sufficient in paper, they can export printed material free of duty to the UK and thus undercut UK printers' rates.

However, the Paper and Board Federation produced figures last week which showed that imports of paper and board were taking over 46 per cent of the UK market, even though there was spare capacity in UK paper mills.

● Imports are taking an increasing share of the UK paper and board market. Consumption is up, but domestic production is down.

Figures from the British Paper and Board Industry Federation for the first six months of 1978 show that domestic consumption rose by 2.5 per cent over the same period in 1977 (from 3.59m tonnes to 3.68m tonnes); while production from UK mills was down by 2.2 per cent (from 2.18m tonnes to 2.13m tonnes).

For the first time since 1974, overseas suppliers have taken more than 46 per cent of the UK market, 1.72m tonnes compared with 1.59m tonnes in the first half of 1977. The federation says that this is "uncomfortably close to the all-time record of 47.2 per cent, which was registered in 1974 when very different conditions prevailed."

Life assurance funds up 50%

BY ADRIENNE GLEESON

SAVINGS THROUGH the life assurance industry produced £4.12bn for new investment last year. This is the amount by which premium income and investment income exceeded outgoings such as payments to policyholders, expenses and taxation.

The new money—and some revaluation of assets—pushed the funds under the industry's management at the end of the year up to £30.7bn. This was 50 per cent higher than that recorded at the end of 1973.

These figures are contained in Life Assurance in the United Kingdom 1973-77, the annual review of the industry which is published by the Life Offices' Association, Associated Scottish Life Offices, and the Industrial Life Offices Association.

The review shows that in aggregate the industry's funds at the end of 1977 were split as 29.5 per cent in equities, just over 20 per cent in property, and 24.4 per cent in gilts and local authority securities. Mortgages (9.7 per cent) accounted for the largest part of the rest.

Last year's increase in business—new yearly premiums amounted to £1.1bn — was achieved despite unfavourable conditions during the first six months, when the squeeze on net incomes made many people reluctant to take on new long term savings contracts. The associations attribute the increase to an improvement in the second half, when reductions in taxation and the introduction of Phase Three of the wage restraint policy between them permitted net income to rise.

New business written under pension and life assurance schemes was buoyant, reflecting the review and adjustment of occupational schemes ahead of the introduction of the new state scheme in April this year.

Cook lets London HQ to Esso Europe

BY JOHN BRENNAN, PROPERTY CORRESPONDENT

ESSO EUROPE, after more than a year's search for suitable London offices, has agreed to move into Thomas Cook and Son's 112,000 sq ft former headquarters at 45, Berkeley Street, W1.

The letting, coming after news of *Fluor's* (Great Britain) renting of British Rail's 237,000 sq ft Euston Square development, underlines the strength of demand for large office units in the capital.

Cook's agents, Jones Lang Wootton, never publicly advertised the building. Esso Europe, Exxon Corporation's European regional co-ordination company, signed to take the space at a rent of over £1m a year several weeks ago.

Esso had previously looked at the Euston Square offices and at the Electricity Supply Nominees' "southside" offices in Victoria.

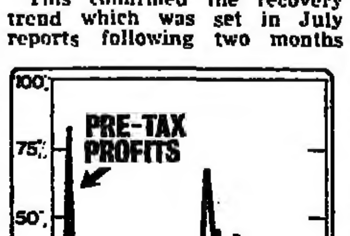
Cook, which holds a long lease on the Berkeley Street building from Prudential Assurance, has been extensively refurbishing the 1930s block since moving its headquarters staff to Peterborough.

Company August profits confirm recovery trend

FINANCIAL TIMES REPORTER

THE 131 companies from which annual reports were received during August presented overall pre-tax profits 15.8 per cent up on last year's comparable figure.

This confirmed the recovery trend which was set in July reports following two months during which the rise had slowed from the near-16 per cent increase recorded over the first four months of the year.



Taxable profit increases from some of the major companies ranged to nearly 23 per cent, as in Distillers; General Electric and Beecham came in with rises of about 17 and 21 per cent respectively. Dowty, up 39 per cent, and Unigate, up about 30 per cent, were also prominent.

Dividend costs in the reports showed the biggest monthly jump for many years being 35.4 per cent up on previous year costs. The rise compares with average overall increases for the first two quarters of the year of 16.3 and 19.6 per cent respectively.

The pace-setter in last month's reports as far as dividend growth was concerned was Beecham, the group's 1977/78 ordinary dividend cost being more than treble the previous year's.

HOME NEWS

Company audit liaison concept criticised

Financial Times Reporter

ARGUMENTS IN favour of non-executive directors and the related subject of audit committees on which they would serve have been challenged in a study of the workings of British companies published yesterday.

The study, by Mr. Bob Tricker, director of the Oxford Centre for Management Studies, is the latest contribution to the debate about mandatory introduction of audit committees, which would liaise between auditors and management. These committees are common in the U.S. and Canada, and have recently been established by several large British companies.

Mr. Tricker, in a book entitled The Independent Director, says that the subject is insufficiently understood and that proposals for legislation are premature and naive.

He concludes that in non-proprietary companies non-executive directors should be completely independent to be effective. While there are appropriate opportunities for introducing audit committees, there was no case for universal acclaim.

Audit committees could be useful as part of an effective company organisation, but would not prevent abuses. There were alternatives which might be equally effective in fostering good corporate direction and securing the position of outside directors and auditors.

Research for Mr. Tricker's book was commissioned by the accountants Deloitte Haskins and Sells.

The Independent Director, by R. I. Tricker, Tolley, £4.50.

Volunteers will boost worker co-ops

By John Elliott, Industrial Editor

A CAMPAIGN to encourage creation of worker co-operatives has been launched by the Scottish Co-operatives Development Committee.

It coincides with the national Co-operative Development Agency, set up by the Government, formally starting its work today. The agency is intended to cover all forms of co-operatives but will be concentrating on worker enterprises.

The Scottish committee, formed by Scottish supporters of the co-operative movement, is one of several regional organisations being established by volunteers around the country.

Its campaign, which will include setting up a "register of talents," is aimed at finding people who are interested in starting co-operatively owned ventures.

"The campaign will bring together able people with complementary skills and will provide them with advice and practical help," Mr. Cairns Campbell, the committee's development officer, said yesterday.

University to study ferries

THE WELSH OFFICE has agreed to sponsor a study of the economic benefits to Wales of the ferry services linking Wales and Ireland.

The project, which will be carried out over two years at University College, Bangor, will cost £13,000. It will analyse the direct employment and trading effects which result from the ferry activities and the impact on the surrounding regions.

Coal output falls as productivity rises

BY JOHN LLOYD

OUTPUT OF coal is still falling after nearly nine months of what the National Coal Board describes as successful operation of the miners' productivity scheme. However, fewer miners are employed and fewer pits are in operation.

Figures from the Department of Energy show production in the three months from May to July of 29.7m tonnes, nearly 1 per cent lower than the 30m tonnes produced over the same period last year.

Deep-mined output fell by nearly 2 per cent, or 500,000 tonnes. Opencast production increased by 4.1 per cent, or 200,000 tonnes.

The board confirmed the trend with figures over a longer period, from April 1 to August 12, showing total output in that period of 43.2m tonnes, as against 43.7m tonnes in the same period last year.

It attributes the reduction to a sharp fall in the numbers of mineworkers employed—from 243,269 in August 1977 to 238,803 now. Also, six fewer pits are being worked this year.

Less used

Overall output per manshift has increased over the year, but only marginally. The average over the April-August period was 2.19 tonnes, against 2.15 tonnes last year.

Face output per shift has increased more sharply, from 7.81 tonnes last year to 8.52 tonnes this. The board says that the trend continues.

Energy Department figures show that coal consumption fell even more sharply than production in the May-July period—by 800,000 tonnes, or 2.9 per cent. Power station consumption increased by 200,000 tonnes but coke oven use continued to decline, by 700,000 tonnes or over 15 per cent.

As a result stocks have continued to rise, and now stand at over 32m tonnes (distributed and undistributed), up 3m tonnes on last year.

Elsewhere in the energy sector, figures show that:

- North Sea oil production for the first six months of the year reached 24.2m tonnes, up 40 per cent on the same period last year.
- Electricity supplied in the first half of 1978 was up 1.7 per cent on last year's first half.
- Natural gas supplied to the public system in the three-month period May-July was 2.8bn therms, down 1.5 per cent on last year. Supplies from the UK sector of the North Sea, down by 6.9 per cent 191m therms, were aided by gas imported from the Norwegian sector of the Frigg Field.

Deadline problem costs British Shipbuilders £4m

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

BRITISH SHIPBUILDERS has been forced to turn down a possible £4m contract to refit a cruise liner for the Peninsular and Oriental Steam Navigation Company because it could not meet the shipowner's delivery deadline.

Instead, the refit contract, subject to detailed negotiations, has gone to Bremer Vulkan, the Bremen-based German shipyard.

P & O said yesterday that it would have preferred the work to have been done in a British yard—because this would have made supervision of the contract simpler, but offers were not forthcoming.

The British Shipbuilders repair yard with which P & O has its closest relationship, Vosper Shiprepairers, Southampton, said it was unable to meet the required completion date for refitting the Sea Princess next January because of contracts undertaken on two other P & O liners and on the QE2.

P & O also talked to British Shipbuilders centrally about finding a yard for the work, but even shipyards such as Swan Hunter on Tyneside, which is desperately short of work, were unable to take on a contract almost entirely involving outfitting work. Swan Hunter, although facing the prospect of more redundancies among steelworkers, has a heavy programme of outfitting on the ships it is building for the Navy.

The Sea Princess, formerly the Kungsholm, is due to make its maiden voyage for P and O from Hong Kong to Sydney on February 16.

P and O is studying options for its next generation of passenger liners and has held talks with shipbuilders in Italy and Finland about construction contracts.

These discussions are at an early stage, with most o fthe initiative coming from the order-hungry yards. The shipyards see the possibility of a series of passenger ships as one way of surviving the deepening crisis in world merchant shipbuilding.

Weather blamed for beer output fall

By Kenneth Gooding

BEER PRODUCTION fell 7.8 per cent in July compared with the same month last year. It was the worst performance in any July since 1972 and the Brewers Society last night put the blame on the poor weather.

However, the society said: "August production is likely to be better because sales in holiday resorts are expected to compensate for the gloomy performance elsewhere."

Production in July was 3,409,069 bulk barrels (roughly 979m pints). A big downturn was expected after the improvement in June when output jumped nearly 9 per cent. That reflected stocking up ahead of the holiday period and hopes for better weather.

In the first seven months of this year, beer production reached 23,220,557 barrels (around 6.69bn pints) and was 2.2 per cent ahead of the same period last year.

The brewers would be satisfied to sustain this percentage increase this year in view of the poor summer and the fact that last year production fell by 0.6 per cent—the first drop since 1965.

Machine tool industry has work to year end

BY OUR INDUSTRIAL CORRESPONDENT

GOVERNMENT statistics published today showk that by the end of May the machine tool industry's order books, worth £270m, were sufficient to keep it occupied until the end of the year.

However, there remains a wide variation between individual companies and employment in the industry, which rose steadily during 1977, was falling back again in the three months to the end of May.

According to the statistics, published in Trade and Industry magazine, order books almost were unchanged compared with February.

But, theye were 13 per cent higher than at the same time a year earlier, reflecting the steady recovery in demand the industry has experienced so far this year.

The figures continueto reflect the relative buoyancy of the UK market compared with those abroad. In the three months to May, new orders from the home market rose 2 per centto £85m while there was a further 3 per cent fall in new export orders to £35m.

Home demand is being lifted by demand from car companies' investment programmes—both BL and Ford have major capital projects in hand.

Compared with a year earlier, home new orders were 8 per cent up while new export business was 12 per cent down in the three months under review.

The Department of Industry points out that in volume terms new orders probably fell slightly in the period compared with the previous three months and were significantly lower than in the same months of 1977.

By the end of May, home order books had lengthened to £179m and were 40 per cent ahead of those at the same time last year. Export orders-on-hand, however, by comparison were 18 per cent down at £91m.

After allowing for inflation, the fall in volume terms would be even greater.

Employment in the industry in May had slipped to 51,400 compared with the recent peak of 52,200 reached in December.

The department suggests this could be a reflection of "the rather gloomy new order situation shown by the latest figures."

The major problem area is the State-owned Alfred Herbert. Nearly 500 jobs went in the first half of the year at Herbert plants and a further 1,600 can be expected in the second half.

Newcastle plant for brewers

By Our Industrial Correspondent

SCOTTISH AND NEWCASTLE BREWERIES is to spend £9m on a bulk packaging plant at its Tyne brewery in Newcastle.

The group had an option on a site at Washington, County Durham, for the plant, but this has now been dropped. Changes in road development plans in Newcastle have made space available at the brewery.

Scottish and Newcastle, sixth-largest of the UK brewers, also revealed yesterday that it was looking for a site for a south Tyne retail distribution depot.

But it refused to be drawn about any plans for a new brewery in the south east of England: "We have adequate brewing capacity to see us through to the mid-1980s," the group said.

This suggests, however, that Scottish and Newcastle will have to start work on a new brewery in about 1980.

The £9m packaging project will be started in the autumn and is due for completion by 1981. It will give the group more flexibility in bulk packaging as it will be able to handle 11-, 26- and 32-gallon containers.

Scots council scales down marina plan

A £1m MARINA project on the Clyde estuary suffered a setback after a council refused planning permission.

Mr. Bill Mackay, a Glasgow businessman, and unnamed associates, proposed a 300-berth marina at Craigendoran pier, near Helensburgh.

Dumbarton District Council refused permission because the development "would cause additional road congestion." An alternative plan by Craigendoran Harbour Company for a smaller 80-berth marina was approved.

More profit in forwarding

By Our Transport Correspondent

FREIGHT FORWARDERS can expect higher profit in the next three years, according to a report on the industry from Inter Company Comparisons, which examines the performance of 60 companies in the three years ended April 1977.

Profitability, as measured by profit on total assets, fell by 23 per cent to 7 per cent. Fixed assets expanded by over 50 per cent.

Average return on capital was 27.6 per cent, but only nine of the companies showed profit margins exceeding 5 per cent in the last year of the survey.

Freight Forwarders. ICC. 81 City Road, London EC1 1BD. £44.

Stocks finance rises sharply

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE AMOUNT of additional money needed by industry to finance its holdings of stocks of finished goods and raw materials has risen sharply during the summer.

This goes a long way towards explaining the recent strength of bank lending to industry.

Official figures published in the latest issue of Trade and Industry magazine indicate that the book value of manufacturers' and distributors' stocks rose by £1.35bn between early April and the end of June. This compares with a rise of £683m in the previous three months, and an increase of £5.09bn during last year as a whole.

Drain

The sharp rise in the amount required for financing stocks implies a substantial drain on the cash resources of industry and probably means that the company sector remained in financial deficit in the April-to-June period. This is consistent with the rise in bank lending to industry.

The change principally reflects the continued large rise in the volume of stocks held by industry. As announced last week, the physical level of industry's stocks rose by £278m at constant 1975 prices in the second quarter, compared with an increase of £266m in the previous three months.

The continuing rise in stocks has been slightly puzzling in view of the sharp pick-up in consumer demand. Most forecasters have suggested that the increase in the physical level of stocks will be smaller in the second half of this year, not least because of the current squeeze on bank lending.

The main change in the second quarter occurred in manufacturing industry where the increase in the book value of stocks was £992m compared wtih £487m in the previous three months. This in turn reflected rises in the volume of stocks of £191m and £71m respectively.

Fixed capital spending by industry showed a much smaller change at current prices during the first half. The manufacturing, distributive and service industries spent £3.03bn on new buildings, vehicles and plant and machinery in the April-to-June period, compared with £3.02bn in the previous three months and a total of £11.03bn in 1977. Spending by manufacturing rose from £1.32bn to £1.38bn at current prices.

Projected

The view of many City analysts is that the financial deficit of the company sector will rise during the next year because the increased amount needed to finance the rise in capital investment and stocks is projected to outstrip the growth of retained profits.

Although the increase in physical stocks is expected to be modest, book values at current prices may be boosted by the forecast acceleration in the inflation rates.

Call to abolish double-pricing on cost of beds

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDEN

THE PRICE COMMISSION called yesterday for the banning of manufacturers' recommended retail prices for beds to end the common practice among retailers of selling them at apparently large discounts.

The commission, in a report on the price of beds, found that "many recommended retail prices for beds have become so widely detached from actual selling prices that they are rarely, if ever, charged." Discounts claimed 'y retailers of between 40 and 50 per cent were commonplace, the commission found, with no apparent reduction in the profit margin earned by retailers.

The report says that nearly half the beds sold in the UK are subject to double pricing—a recommended price and an actual selling price. This was "detrimental to the consumer interest in that they are likely to mislead bed purchasers into making false price comparisons either between manufacturers or between shops."

The commission's survey of prices for beds found that in only 8 per cent of cases was the full recommended retail price charged and, in nearly half of cases, the claimed discount was 30 per cent or more. Yet, the commission found that "no one shop type was consistently cheaper than the others either for any particular model of bed or, more generally, across a range of beds."

Investigation by the commission also revealed that most retailers did not pay the tra list price for beds. The avera discount for retailers on tra price varied from 2 to 51 p cent, the commission establish

The bedding industry is wor about £144m at manufacture prices and between £160m a £180m at selling prices. T industry is dominated by ni manufacturers who have abo 63 per cent of the mark although no single company h more than a 10 per cent mark share. Gross profit margins sales less material and dire labour costs—for eight of the companies have remained stea at about 40 per cent for the pa three years. Net profit margi before tax averaged 10 per ce over the past three years.

The report found that ma consumers still trusted pri comparisons with manufacture recommended prices as a "re able and independent guide value." In this they are misle the commission says.

While the commission foun that many manufacturers a retailers acknowledged that th present system brought th industry into disrepute, man felt they were "locked in" to th situation.

The only practicable solutio the Price Commission believe would be complete banning o recommended retail prices b manufacturers for beds. Only i closely defined exceptions, suc as genuine sale periods, shoul price comparisons be publishe by retailers.

HOME NEWS

Callaghan plans to keep another 100,000 off dole

BY RICHARD EVANS, LOBBY EDITOR

Mr. Callaghan reads the Financial Times on his way to Birmingham: "Concern is to preserve and create jobs . . ."

N OPTIMISTIC assessment of ritain's industrial role in the 980s once the world recession as been weathered was given esterday by the Prime Minister uring a visit to the Midlands.

Mr. James Callaghan, opening Triplex windscreen plant at ings Norton, Birmingham, said e Government's biggest conrn during the recession was to ipport the preservation and eation of effective and producve jobs.

This was central to industrial rategy and, so far, measures ere saving 300,000 people from e dole. There was still a great eal to do and special employent measures probably would e protecting another 100,000 by aster.

"We are told that these measures should be swept away, but the simple-minded recipe of leaving firms to sink or swim unaided in the free market in a world trading recession, where every country is scrambling for orders, would mean bankruptcy for many firms and unemployment for thousands of workers.

"So, we take action to help the firms through this period so that they can emerge healthy and viable at the end of it."

Britain was at the beginning of a new industrial advance. "Only our own fears, or a stubborn conservatism in the face of the opportunities that lie ahead, can stand in the way of a successful Britain in the '80s."

Thatcher in push for quick election

BY RAY PERMAN, SCOTTISH CORRESPONDENT

IRS. MARGARET THATCHER ttempted yesterday to close the rime Minister's options over the eneral Election date with a reat to bring the Government own if it tried to run for nother session.

During a visit to the Scottish orders she repeatedly stressed er impatience for the election come, and said that if Mr. allaghan tried to carry on in ffice the Conservatives would eek support from minority arties to defeat the Government n the Queen's Speech.

"Then we would see who ltimately wanted to keep ocialist government in power, nd who is prepared to face he electorate."

Talking to party workers, she ntroduced the notion of the entitlement society," a new loss on the old theme of too uch emphasis on state handuts and too little on building ndividual self-reliance.

Her visit to Berwick and East othian, a Labour marginal, was lanned in the spring. With issaffected Liberal and Scottish Nationalist votes, the Conservatives could take the seat.

The Press is following the Opposition Leader in force. At a golf club factory there were puns about swings as she posed for pictures with a putter, and at Dunbar Harbour jests about lifesaving as she talked to lifeboatmen and coastguards.

She was to have boarded the lifeboat—named Margaret—but those who planned her tour had forgotten to check the tide tables. The water was too low for the craft to be brought alongside the quay.

Fishing and farming are important in the constituency. Mrs. Thatcher paid homage to both, and got some uncompromisingly frank talking from the National Farmers' Union and fishermen's organisations, who are suspicious of EEC intentions.

She will spend most of today in Roxburgh, Selkirk and Peebles, the constituency of Mr. David Steel, the Liberal Leader, and is to make a major speech to Young Conservatives in Glasgow tonight.

Another 230 to lose jobs at Whessoe

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

THE LATEST victim of the world steel crisis is the Stockton works of the Whessoe engineering group where there are to be a further 230 redundancies. In une, 300 employees were made redundant.

The plant, part of Whessoe's heavy engineering division which employs about 2,000 at four sites, has suffered in two ways.

First, the cutback in the British Steel Corporation's investment programme has hit demand for the heavy iron and steelworks plant made at Stockton.

At the same time there has been a slump in orders for steelworks fabrication for the process industries. This kind of hardware is being imported from France, Germany and Italy rather than ordered in the UK because of the cheap steel available in those countries.

The Process Plant Association has claimed that continental fabricators have been receiving hidden government support through the availability of subsidised steel.

Mr. W. Smart, group chief executive of Whessoe, said yesterday: "We believe the problems of Stockton are so closely related to those of the world steel industry—and we cannot see an end to those for some time—that we will 'mothball' the plant until the works can be sold or the demand improves."

Some of the very heavy machining capability at Stockton would be kept in operation employing no more than 24 people.

In May, Whessoe reported its taxable profit for the six months to March 31 had fallen from £1.25m to £1.13m, mainly because of problems in the heavy engineering division. Shareholders were warned that earlier expectations of some profits increase in the full year were "no longer justified."

New bank branch

HONGKONG and Shanghai Banking Corporation is shortly to open a new office in Waterloo Street in the centre of Birmingham. Although established as a branch of the Hongkong and Shanghai Banking Corporation, this new office will be representative of the whole group in the Midlands.

Job creation cost £115m for year

BY DAVID FREUD

THE NET COST of the Government's job creation measures in the present financial year is estimated at £115m, it was disclosed in an all-party Commons' Expenditure Committee report* yesterday.

This figure, supplied to the committee by the Government, was less than a sixth of the £710.5m gross cost of the measures.

Officials estimate that most of the gross expenditure would have been incurred anyway if the individuals helped had become unemployed.

According to their calculations the average real cost of providing or retaining each job was only £260 compared with the gross cost of £1,590.

The net total was reached after taking the saving on unemployment and supplementary benefit into account, as well as the income tax and insurance contributions which the Exchequer otherwise would not have received.

Another factor taken into account in estimating the net cost was the "displacement factor," whereby jobs preserved affected jobs in other companies or in different areas of the same company.

The committee pointed out that the necessary simplifying asumptions on the displacement effect meant that the gross figures were likely to be more reliable than the net ones.

The committee made 58 specific recommendations in its report that it felt would help to reduce the level of unemployment.

It said the assistance offered by the Council for Small Industries in Rural Areas was more flexible than that offered by the Department of Industry and that its approach should be applied in urban areas.

The priority given by the Government to the encouragement of small businesses should be continued and extended, said the committee. Specifically, efforts should be made, both centrally and locally, to find what greater opportunities existed for small businesses in particular localities.

In inner city areas care should be taken to ensure that even the smallest company received assistance and advice, while cooperation between local authorities, educational establishments and small businessmen should be extended.

Unemployment

The problem of large-scale closures should be tackled through closer co-ordination among employers, local authorities, development agencies, the Manpower Services Commission and the Department of Employment.

With the continuing recession and high levels of unemployment, such closures were likely to continue and to present increasingly difficult problems.

The committee said: "It is vitally important, both from the point of view of reducing unemployment and for the wellbeing of the communities concerned, that closures of this kind should as far as possible be foreseen and that measures should be taken in time to provide training and alternative employment."

The firm division between education and training was no longer appropriate at local level. The committee recommended that the Department of Education and Science and the Manpower Services Commission should now turn their attention to creating joint planning mechanisms at local level and setting up appropriate courses regardless of whether they were "education" or "training."

While the problem of a shortage of skilled men could not always be solved through increasing training, it was obviously essential, said the report, to encourage enough people to enter apprenticeships and other forms of systematic training to meet the expected demand in the future.

Every encouragement should be given to making apprenticeships more flexible and better able to respond to technological changes.

The committee found that the Traning Opportunities Scheme was short of instructors, mainly because pay was uncompetitive with local industry.

It recommended that the Pay Research Unit give priority to considering the pay of instructors at Skillcentres. "We believe it is a false economy not to pay for good instructors."

* The 13th Report from the Expenditure Committee, 1977-78 Session. People and Work, Volume 1. Commons Paper 647-1, £2.10.

THE COST OF SPECIAL MEASURES FOR 1978-79

Scheme	Gross cost £m	Net cost £m	Net cost as percentage of gross cost	Number of places/ jobs	Net number of jobs	Approx. gross cost per net job/place £	Approx. net cost per net job/place £
Youth Opportunities Programme	155	84	55	88,000	88,000	1,750	955
Special Temporary Employment Programme	76	30	40	25,000	25,000	3,000	1,200
Small Firms Employment Subsidy	4.5	1.3	30	8,250	2,700	1,650	500
Temporary Employment Subsidy	475	nil	—	470,000	330,000	1,440	nil
TOTAL	710.5	115.3	—	591,250	445,700	1,590	260

Industry in need of more skill says Prior

MR. JAMES PRIOR, the Opposition spokesman on employment, yesterday urged the need for higher productivity, but gave a warning that there would be no speedy return to he historically low levels of unemployment experienced in the 1950s and early 1960s.

Speaking at a seminar at Nottingham University, Mr. Prior said that to fight unemployment Britain needed a highly skilled workforce.

"At present we suffer both high unemployment and a serious skill shortage throughout much of industry."

It was necessary that both sides of industry should work to improve the situation. In particular, he looked to next week's Trades Union Congress for "constructive suggestions and positive ideas," rather than a "tired repetition of old demands for more government spending and a larger public sector."

Britain should look to larger manufacturing industries to increase competitiveness, boost output and sell more, while giving every encouragement to the small concerns and to service industries where there was considerable potential for creating extra jobs.

In the short run low productivity and overmanning might save jobs, but in the long run they would make a country uncompetitive and could put the economy into a vicious circle.

Barnett calls for better productivity

FINANCIAL TIMES REPORTER

BRITAIN MUST improve its industrial performance and productivity in order to create more jobs and permit an increase in living standards, Mr. Joel Barnett, Chief Secretary to the Treasury, said yesterday.

The industrial performance of Britain, he said, had been poor for a long time. Promises of improved living standards in an election period would be "so much hot air," unless the trend could be reversed.

Mr. Barnett was speaking in his constituency at the opening of new works and office buildings by Ames Crosta Babcock. He said be understood fears that higher productivity would mean fewer rather than more jobs. But these fears were "misplaced."

He said: "Not only will it be possible to sell more of our goods in competition with those abroad who are improving their productivity, but it will also mean that the extra wealth created will be available for further increases in industrial investment and much needed improvements in public services, as well as improved living standards, thus creating more jobs."

This, he said, would bring Britain into a virtuous circle, rather than the "vicious circle we have been in for too long of poor productivity, a declining share of world trade and a declining number of jobs."

He argued that the "gloom-mongers," ever ready to see nothing but bad in British industry, were steadily being proved wrong. "I believe there is room now for optimism about our future."

Britain had come through some of the most difficult economic years in its history since the 1973 oil crisis and was in better shape than the gloom-mongers were predicting.

Inflation had been brought down into single figures, and would stay there, "providing we do not throw away the stability achieved." Money supply was under control, he balance of payments would be in surplus this year.

While there were solid grounds for optimism, however, Mr. Barnett warned that Britain must take advantage of the improvement. "Fortunately there are signs that many sectors of our manufacturing industry are responding to the challenge." Investment was rising, but it must be of the right type and quality.

"As a nation, we must concentrate on the expansion of industries which will have growing markets in the years ahead," he added. And expansion would depend on more than new investment: "in the main, productivity growth stems from making the best use of both new and existing plant."

Car drivers can collect fares

FINANCIAL TIMES REPORTER

CAR OWNERS from today legally are entitled to collect fares from passengers who travel in their vehicles.

This is one of the provisions of the new Transport Act, the bulk of whose provisions come into force today.

The authorities accept that paid car sharing has been widespread for many years, but the change has been enacted as part of the Government's drive to tackle public transport problems in rural areas where conventional bus and train services have declined or disappeared.

The Act also places upon county councils the responsibility to publish rolling five-year public transport plans as a basis for their financial agreements with public transport operators.

Advertising of non-profit-making social car schemes also is legalised in the Act and local authorities are given powers to provide further bicycle parking facilities.

Mr. Murray said yesterday the TUC had the right to recommend one party or another. Although non political, he added, the TUC was in politics. "So is the CBI; so is any organisation which seeks to influence the Government on things that will be in the interests of the members of that organisation.

"There is no question of the TUC applying a political test to unions affiliated to it just as there is no question of unions applying a political test to their members."

Aberdeen to have medical unit for divers

BY KEVIN DONE

A PURPOSE-BUILT medical unit to treat the growing number of divers injured in the North Sea is to be set up in Aberdeen.

It will be linked with a centre for offshore medicine which will carry out research and train medical staff.

The move comes in response to a report published yesterday, which claims that the present arrangements for dealing with diving casualties, particularly divers suffering from the "bends"—effects of rapid changes in pressure—are "fragmented and haphazard."

Risks faced by divers could also be reduced by a new set of safety regulations, issued yesterday by the Health and Safety Commission in a consultative document.

This is ethe first time comprehensive safety standards have been produced to cover all divers at work.

The medical report released by the Scottish Office yesterday was commissioned by Mr. Bruce Millan, the Scottish Secretary, in 1976 to examine the implications of North Sea oil developments for the National Health Service.

It says there is no single recognised centre in Scotland with facilities for treating diving casualties. To date victims have been treated in pressure chambers owned by universities, companies or the Royal Navy.

There are now about 1,500 commercial divers working in the UK sector of the North Sea. They have a high risk job, says the report, and 27 have been killed since 1971. Yet there is no uniform provision for the care of patients.

The report suggests that the medical unit should have three linked compartments which would allow pressures equivalent to depths of up to 450 metres to be created.

The incidence of decompression sickness is likely to increase as the nature of offshore work gradually changes, says the report. The growing emphasis on service and repair work will involve less saturation diving.

Mr. Harry Ewing, Scottish Under-Secretary for Health, said the cost of the centre would be about £750,000 with annual running costs of some £120,000. He hoped the go-ahead could be given for work to begin by early next year when agreement on financing had been reached with interested bodies.

The new code will simplify existing legislation where divers in the UK are covered by four different sets of regulations. These hitherto depended on whether a diver was working in an inland canal, from an offshore rig, from a ship at sea, or near a submarine pipeline.

LABOUR NEWS

Catering award could give low-paid 30%

BY NICK GARNETT, LABOUR STAFF

THE SPECIAL PROVISIONS on wage rises for the lowest-paid in the Government's White Paper on pay policy seem likely to form a main target in claims for them in the present pay round.

This will probably be tested today in wages council negotiations for catering staff.

The outcome of the talks may have widespread implications for other wages council settlements, which affect almost 3m workers.

The union side of the catering trade, led by the General and Municipal Workers' Union, has claimed a minimum rate of £50 a week for a section of the 400,000 workers in licensed hotels and restaurants.

The claim was rejected by management.

At the Licensed Residential and Licensed Restaurant Wages Council meeting today, the union side is almost certain to revise its claim to about £44.50 for workers not usually in direct contact with customers, and something a little lower for those who are.

The Government says in its White Paper that it would be ready to approve rises above 5 per cent where the resulting earnings were no more than £44.50 for a normal full-time week.

Though wages councils are statutorily exempt from pay guidelines, unions see the White Paper's special provisions as providing some ammunition for claims.

A rise to £44.50 for non-service workers, whose present minimum rates range from about £34, would approach 30 per cent.

This wages council is the first major one to settle in the present round. It could set a broad pattern for the other wage councils for workers in clothing, furniture and other industries.

The employers' side of the wages council says it is extremely worried about the effects on the industry of large increases in minimum rates. The union side claims that management exaggerates the likely impact of the claim on prices and profitability.

Heathrow engineers seek parity payment

BY PHILIP BASSETT, LABOUR STAFF

SHOP STEWARDS representing 4,000 British Airways engineers at Heathrow Airport decided yesterday to press for interim payments to cover parity anomalies with British Caledonian workers at Gatwick working on wide-bodied jets.

Further action will be considered if the claim for the interim payment is not met. Industrial action, including a 24-hour protest strike which caused limited disruption of flights, has already been taken.

A meeting of the engineers' shop stewards yesterday decided to approach British Airways management and the management side of the engineers' and maintenance negotiating panel for the unspecified interim payment.

The trade unions would then be prepared to enter into negotiations for an increase in productivity. Some shop stewards see a productivity deal as a way round the parity problem without infringing Government pay guidelines.

Industrial action on the anomalies claim will be considered at a mass meeting of Heathrow engineers, to be called not later than September 14, depending on the outcome of negotiations.

British Airways said that the shop stewards' decision did not affect the position because Government pay guidelines restricted the parity payments.

The company agrees that there is a differential between the Heathrow engineers and the British Caledonian workers at Gatwick, though it claims the disparity is about £2. The Heathrow engineers claim it varies between almost £4 and more than £6.

Tape control system

THE GRAPHICAL Numerical Control part-programming system (GNC) developed by the Computer Aided Design Centre, Madingley, near Cambridge, for numerical control of machine tools has been acquired by Morfax, of Mitcham.

Prior seeks TUC ideas

BY OUR LABOUR STAFF

BRITAIN WILL be looking for constructive suggestions on unemployment from the TUC next week, rather than "a tired repetition of old demands for more Government spending and a larger public sector," Mr. James Prior, Opposition spokesman on employment, said yesterday.

Speaking at Nottingham University, Mr. Prior acknowledged the industrial experience and knowledge of the trade unions, but backed the Government's reasons for rejecting trade union calls for a shorter working week by stressing that unit labour costs should not increase relative to other countries. He also called for increased productivity.

He said that increased Government spending and expansion in the public sector were options that were no longer open to try to reduce unemployment.

There could be no speedy return to the low levels of unemployment of the 1950s and early 1960s, and resisting change, refusing to develop new techniques, resorting to increased subsidies and wholesale protectionism would "prove fatal" for the economy in the long term.

Shipyards redundancy pay may average only £1,725

By Our Labour Staff

BRITISH SHIPBUILDERS expect that payments made under the shipbuilding redundancy scheme to workers made redundant since the nationalisation of shipyards last year will reach only 16.5 per cent of the maximum possible.

Since nationalisation on July 1, 1977, there have been 2,300 redundancies in the industry, British Shipbuilders said yesterday.

The maximum payment a worker who is made redundant can receive is £10,400—£7,400 from the shipbuilding scheme and £3,000 from the state redundancy scheme.

British Shipbuilders expects now, however, that redundancy payments under the shipbuilding scheme will average £1,725.

Details of the scheme will be distributed throughout the industry in the form of a question-and-answer booklet, which covers eligibility, lump-sum benefits, weekly support benefits, the effect on benefits of obtaining another job, the effect of re-employment in the industry, and the effect on personal taxation and the overall benefit limits.

A worker aged 42, for example, with 20 years' service on a weekly wage of £50 who was unemployed throughout the period of entitlement to redundancy benefits, would get a total lump sum payment of £2,625, comprising £1,025 from the state scheme, £100 age benefit and £1,500 service benefit, plus weekly support payments of £14.43 per week for 104 weeks, giving a total payment of £4,125.

Bank employees await lead on new guideline

By Our Labour Staff

A SPECIAL executive meeting of the National Union of Bank Employees decided yesterday that it could not support the 5 per cent pay guideline at the present time, and that its attitude would eventually be governed by the extent to which settlements achieved by other unions observed guideline.

Before fixing pay claims for next year, the union would also take into account changes in the cost of living and would consider introducing retrospective claims if it thought them justified.

The union will be seeking improvements in existing productivity agreements. The English clearing banks are due to settle in July, the Scottish banks in April and the Trustee Savings Bank in May.

Safety pledge in Windscale

A WORK-TO-RULE and overtime ban is being imposed by the scientific engineering and administrative staff at Windscale atomic plant in support of a pay award.

But they have given assurances that safety will be guaranteed. The staff want to underline their determination to be paid the 5p an hour "hostility money" which is given to industrial workers at the plant.

INSECURITY MAY BE KEY TO PORT'S DISPUTES

The dockers' dilemma

BY PAULINE CLARK, LABOUR STAFF

A MASS meeting of 2,000 striking dockers in Southampton, Britain's sixth largest cargo handling port, will decide today whether to accept new proposals for a return to work.

With the week-old strike over a safety dispute possibly drawing to an end, strike leaders are already drawing up new battle plans on a separate but familiar issue in the recent history of Southampton dockers' activities.

The target will again be the Milton trading estate in Berkshire, scene of what became known eight months ago as the "Didcot affair."

The plan for new action even before the current strike is over seems likely to reinforce the opinions of those who are already accusing the shop stewards of militancy for militancy's sake.

The Didcot affair centred on efforts by Southampton dockers' leaders to black the traffic of containers handled by traders on the estate because they considered it was the rightful work of dockers.

Their methods were described as a public outrage when the issue was debated in Parliament some eight months ago, and led to charges that the Transport and General Workers Union was using strong-arm tactics to put pressure on the Didcot traders.

"Wreckers"

According to Mr. Ritchie Pearce, chairman of the Southampton shop stewards and a prominent figure in last year's Didcot activities, traders on the estate can expect another visit from the stewards soon.

Mr. Pearce and his colleagues were sharply rebuked on Wednesday by Mr. Robert Adley, Conservative MP for Christchurch and Lymington, for being "wreckers" bent on making Southampton an "accident black spot" and for using pretexts to strike.

The Southampton dockers have little time for those who accuse them of being trouble makers. If the Department of Employment yielded to Mr. Adley's request and ordered an inquiry into disruption at the port it would find no evidence of any fundamental industrial relations problems they say.

Their insistence that they have good relations with management may appear curious when set against the docks disputes record over the past 18 months.

Opening of the new berth for handling South African container traffic was delayed for several months this year because of a dispute over manning. There was a crippling strike last spring when maintenance engineers not in the TGWU fought management on a parity issue, in conflict with the Government's pay restraint policy.

The dockers, currently accused of irresponsible militancy, take the view that the insecurity felt in the industry because jobs cut from 91,000 to 24,000 since 1968-69 has thrown up a new brand of professional shop stewards who take very seriously the protection of their interests.

The Didcot problems are typical of the stewards' efforts, since they centre on the determination of dockers' leaders to prevent any further loss of container work from the docks—a determination which has inevitably increased with the recent failure of the Government to get the Dock Labour Scheme through Parliament.

Minority

The manning dispute earlier this year was similarly founded on the dockers' fear of losing their jobs. It followed a cut in the number of dockers handling South African container traffic from 750 to 120 last year as a result of modernisation.

In the recent row over safety, management has talked of an "unco-operative" attitude which has led to a series of disputes. According to Mr. Pearce, the shop stewards accept that "a small minority" the workforce "do not have the right attitude."

Their capability for causing disruption has increased with the mechanisation of the port. It had led to dockers working less often in gangs, where they impose discipline on each other, and more as individuals.

The stewards say they would support management in taking a tougher stand on disruptions caused by the unco-operative minority, but that in choosing the safety dispute the employers had miscalculated.

There is still no agreement apparently as to whether it was really a mechanical fault on a straddle carrier that led, as the stewards claim, to hot oil being spilled on the 26-foot ladder to the cab.

Safety issue

Management has stood firm that thetre was no mechanical fault and that the ladder was safe and, as a result, the stewards' request for a joint safety committee to judge the issue was not taken up.

The row was broadened to a dispute over the general issue of whether management was abiding by laid-down safety procedures. It is hoped that its reaffirmation to stewards that it stands by the procedures will get the dockers back to work today.

But other issues still simmering prevent any guarantee of a lasting peace in Southampton docks.

The shop stewards shrug off the charge that they are trouble-makers and have made it clear that they will pursue their argument that more investment in new machinery is needed at the port.

ENERGY REVIEW: PETROCHEMICALS BY KEVIN DONE

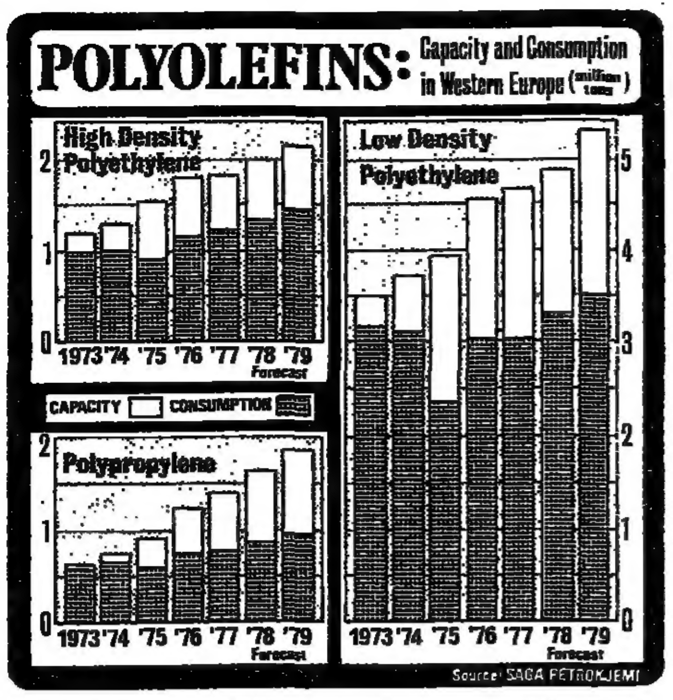
Norway's difficult debut

THE VISION of petrochemicals plants springing up around the shores of the North Sea, founded on the sudden and surprising access to local sources of oil and gas, has been stimulated ever since the first offshore discoveries were made more than 10 years ago. But only in one case, at Bamble in southern Norway, have ambitious plans become reality.

The chemical industry already takes about 8 per cent of all the petroleum consumed in Western Europe, and its share is increasing. Traditionally, naphtha—a light oil product—has been the most important petrochemical feedstock.

A naphtha-based petrochemicals industry has existed in Europe for many years, but it was the particular discovery of quantities of natural gas liquids in the North Sea that excited expectations in the UK and Norway of a sudden surge of petrochemicals development.

In the UK, many plans and studies have been drawn up. But in reality nothing has gone beyond the planning stage.



The UK, of course, already has a well-developed petrochemicals industry based largely on naphtha, and the possibility of using ethane and propane as feedstocks is less attractive for that reason. The range of products from these gases is more limited than those derived from naphtha.

But perhaps most crucially there is uncertainty as to the cost benefits of using ethane in the UK. No clear decisions have been taken as to how ethane would be priced—it is not a market commodity—so chemicals producers remain unsure how much cheaper these gas liquid feedstocks would be, if at all.

But in Norway, petrochemicals development, stimulated solely by the discovery of North Sea feedstocks, has followed a very different course.

Some of Norway's biggest companies are engaged in bringing into production a £500m petrochemicals complex that has been under construction since 1974. The collection of six plants at Bamble in southern Norway marks the country's first real debut in the modern petrochemicals and plastics industry.

Fundamental to the country's move into mainstream petrochemicals was the availability of cheap feedstocks. As Mr. Hans Bjontegaard, managing director of Norsk Hydro's petrochemicals division explains: "It was only these low-priced natural gas liquids that made the plants possible. Without the feedstock agreement we would not have had this complex."

The agreement was reached in the early 1970s between the Norwegian Government and the group of companies that were seeking to develop the Ekofisk Field led by Phillips Petroleum of the U.S. Phillips wanted permission to land the crude oil from the field at Teesside in the UK and the natural gas at Emden in northern Germany.

As a compromise, the Norwegian Government wrung a deal out of the oil companies which did indeed allow the oil to flow to the UK and the gas to Germany. But in return the Phillips group had to agree to ship back to Norway from Teesside sufficient supplies of wet gas, ethane and propane to produce at least 250,000 tonnes of ethylene. The wet gas would also be supplied at such an attractive price that not only would it cancel out Norway's disadvantage of being located so far from the main West European markets, but it would also give Norway a decided advantage over existing ethylene manufacturers using naphtha. Downstream products, such as plastics, could then compete in West European markets on an equal footing with existing producers.

As it turns out, the Norwegians could hardly have chosen a worse time to launch themselves into the once glamorous field of petrochemicals. But when the project was planned in 1973-74 future growth rates seemed to be set fair and the only constraint to development, thanks to the Arab oil embargo, seemed to be the shortage of feedstocks. And these the Norwegians had discovered on their own doorstep.

According to Mr. Bjontegaard: "In 1973 everyone thought we were getting a goldmine, with feedstock and advantageous prices. Everyone wanted to put his hand in and take out some ducats."

The Government, having made the feedstock agreement with Phillips, then led talks between three companies to decide on the division of the spoils. The parties to the negotiations were Norsk Hydro, Saga Petrokjemi and Statoil.

Mr. Od Gothe, general director of negotiations and planning in the Department of Industry, who led the company negotiations, explains the Government's thinking in 1974: "The philosophy in the Ministry was shaped by the fact that many of the Saga companies were involved in metals and we saw that expansion possibilities for the electro-metallurgical industries were limited. They need to change over to new fields which had to be based on North Sea feedstocks. We have a long tradition of using natural resources in Norway. We had to aim at achieving as much added value from the oil and gas as possible, on a competitive basis."

The approach of the Norwegian Department of Industry ruled out a project by Norsk Hydro on its own. "We wanted a fair distribution of assets because it was a project of national importance," says Mr. Gothe.

But how well has the philosophy of expanding into a whole new industry worked in practice?

The cheap feedstock contract was supposed to be the one factor that made it all viable. The gas liquids must be delivered for at least 15 years by the Phillips group.

According to a paper delivered to the Norwegian Parliament, the feedstock price will remain particularly attractive because any increases are limited to 80 per cent of any increases in the price of crude oil. The overall price is linked to a complicated formula. About 20 per cent of the price must stay at an averaged price of crude oil in 1973. The other 80 per cent can escalate along with oil prices, but not at the full rate. So the more the price of oil rises, the better off the Norwegians are and the more competitive their petrochemicals industry will be against the rest of Europe.

For the moment it hasn't worked out quite like that, however.

According to Mr. Bjøntegaard, the Bamble partners felt in 1974 that they would have a 10 to 20 per cent advantage in producing a tonne of eythlene from ethane and propane, compared with production from naphtha.

But oil prices have not continued to escalate. Indeed, the cost of naphtha has often fallen to very low levels in recent months and plastics prices have fallen even more dramatically. But by far the worst factor has been the unforeseen delay in actually obtaining the cheap feedstocks. The Phillips terminal at Teesside is three years behind schedule. Deliveries of gas liquids to Norway cannot begin before the second quarter of next year, but the cracker at Bamble had been ready since August last year.

Since then, as the ethylene plant has been brought onstream, Norsk Hydro has had to buy propane feedstocks on the world market. It has had to pay up to twice as much as the anticipated price for the Ekofisk wet gas. Faced by a court action, Phillips has agreed to pay compensation. But it does not ease the Bamble partners' problems in the short-term.

Just as importantly, Norway has seen all the projections of growth in West European petrochemicals markets collapsing dramatically since construction on the plants began in 1974.

Mr. Jan Wennesland, vice-president for business development at Saga Petrokjemi, says nonetheless that he is confident that Saga will find its niche in the European market, especially in Scandinavia, which he considers as a home market.

For Saga to gain its share as a home producer, it will mean that traditional suppliers such as ICI, Hoechst, BASF and Unifos will all have to surrender some market share.

But despite Saga's apparent optimism, Bamble faces a hard struggle for life in its early years. According to Mr. Arve Johnsen, managing director of Statoil, the plants are now expected to run at a loss as far ahead as 1983-84. Some of his partners are not quite so pessimistic, but they all admit that the economic climate has changed dramatically since Norway's first petrochemicals complex was originally conceived.

Mr. Torvild Aakvaag, executive vice-president of Norsk Hydro, admits: "In today's market, faced with today's costs and today's falling prices for the products, I doubt whether we would have taken this decision."

Undismayed, others are planning for Norway's second petrochemicals complex based on wet gas from the Statfjord Field and other discoveries that might be made in the area. More reserves must first be found and above all the markets must heal; but in the late 1980s the Norwegian petrochemicals industry could again be expanding, stimulated chiefly by the prospect of more cheap feedstocks from the North Sea.

BAMBLE PETROCHEMICALS COMPLEX
(Cost £500m)

Plant	Annual Capacity	Ownership	Start-up date
CRACKER:			
Ethylene	300,000 tonnes	Norsk Hydro 51%	August 1977
Propylene	70,000 tonnes	Statoil 33%	
		Saga Petrokjemi 16%	
CHLOR-ALKALI COMPLEX:			
Chlorine	120,000 tonnes	Norsk Hydro 50%	May 1978
Caustic Soda	130,000 tonnes	Borregaard 50%	
Vinyl Chloride Monomer	300,000 tonnes	Norsk Hydro 100%	June 1978
POLYOLEFINS:			
Low Density Polyethylene	110,000 tonnes	Norsk Hydro 33%	July 1978
High Density Polyethylene	50,000 tonnes	Saga Petrokjemi 33%	Spring 1979
Polypropylene	60,000 tonnes	Statoil 33%	August 1978

APPOINTMENTS

Brown Shipley group posts

Mr. James A. Keyden and Mr. Douglas N. Hinckley have joined the board of BROWN SHIPLEY AND CO. as non-executive directors. They have been associated with the company for a number of years as regional advisers in Scotland and Sheffield, respectively. The parent concern is Brown Shipley Holdings.

★

Mr. J. B. Davies and Mr. P. F. Hook have been appointed assistant managing directors of BOWMAKER, a member of the Bowring Group.

★

Mr. B. Storr and Mr. J. E. R. Padgett have been appointed to full board membership of Allen Rowland and Co. Mr. D. W. Jamieson has been made a full board director of J. Saville Gordon Ltd. The companies are subsidiaries of J. SAVILLE GORDON GROUP.

★

Mr. Stephen Sykes has been appointed a director of FINANCIAL TRAINING (LONDON), a subsidiary of Park Place Investments.

★

The Council of the BRITISH INSURANCE BROKERS' ASSOCIATION has appointed as honorary vice-presidents Mr. Edward du Cann, MP, formerly Patron of the Association of Insurance Brokers, and Mr. John Page, MP, the sponsor of the Insurance Brokers (Registration) Act.

★

Mr. P. M. Heron has been appointed manager of the newly-formed occupational health safety and environment division of BP CHEMICALS. Dr. J. T. Carter has been made senior medical officer of the medical group.

★

Mr. David R. Stone has been appointed managing director of DONCASTERS SHEFFIELD from September 11 and will report to Mr. David Balchin, group director operations. Mr. Stone is at present works director at Firth Brown.

★

Mr. H. W. Paine has been appointed a technical director of NORMAN FRIZZELL UK.

★

Mr. D. H. McMurtrie has become commercial director of MARTIN-BLACK AND CO. (WIRE ROPES) and is succeeded in the board post of UK sales director by Mr. E. K. Jenkins, currently managing director of the group's lifting division.

★

Mr. Charles Hargreaves, assistant managing director of Burton Retail and an alternate director of the main board of the BURTON GROUP, has retired.

★

Mr. Alain de Saint-Victor is to become managing director of RENAULT next month in succession to Mr. Pierre Acolas, who returns to Paris for family reasons and will be taking a senior position at the Regie Renault. Mr. de Saint-Victor comes to Britain from Sweden, where he has headed th[e] Renault subsidiary for the pa[st] three years.

★

Mr. Robert W. Frick has bee[n] appointed senior vice-president i[n] BANK OF AMERICA NT AND S.[A.] and continues as the managin[g] director of Bank of America Inte[r]national in London.

★

Mr. Ronald Day is to becom[e] managing director of BRITIS[H] TISSUES from tomorrow on th[e] retirement of Mr. Fred Wilso[n]. Mr. Day was formerly grou[p] managing director of SAPPI, th[e] South African paper manufactu[r]ing subsidiary of Union Corpora[tion].

★

Mr. Christopher G. Ross ha[s] joined LAKE AND ELLIOT a[s] valve division chief executive. M[r.] Ross, who moves to the grou[p] after three years as genera[l] manager of GEC's industrial an[d] marine steam turbine division, wa[s] also a director of GEC Turbin[e] Generators.

★

Mr. Joseph V. Vittoria has bee[n] appointed vice-president an[d] general manager of HERT[Z] EUROPE. Mr. Craig Koch co[n]tinues as division vice-presiden[t] Hertz Europe Operations. Mr. Vi[t]toria, who was previously sta[ff] vice-president, marketing, fo[r] Hertz Europe, resides nea[r] London.

★

Mr. Alex Dibbs, deput[y] chairman and lately group chie[f] executive of National Westminste[r] Bank, has joined the Board o[f] MUIRHEAD.

★

Mr. C. R. Van der Heijden ha[s] been appointed a director o[f] POWELL DUFFRYN ENGINEER[ING]. He is the managing directo[r] of Geesink B. V., the Dutch sub[s]idiary. Mr. John Carroll ha[s] become Midlands area manage[r] of Powell Duffryn Engineering.

★

The MINISTRY of DEFENC[E] states that Mr. K. F. Slater ha[s] been appointed as Director of th[e] Admiralty Surface Weapon[s] Establishment, Cosham, Port[s]mouth, from October 1. He wil[l] succeed Mr. C. C. Fielding, wh[o] has become Deputy Controlle[r] R. and D. Establishments an[d] Research A and Chief Scientis[t] (Royal Navy).

★

Mr. A. H. Ogden has bee[n] appointed a director o[f] EDWARDS and PAYNE (Under[writing] Agencies).

★

Mr. Robert L. Cromar has bee[n] appointed assistant general man[ager] (resident in Glasgow) of th[e] BANK of SCOTLAND fro[m] September 16. Mr. John D. Logi[e] district manager (Glasgo[w] North), has become manager[,] Glasgow chief office, in successio[n] to Mr. Cromar.

Airline passengers face 'intolerable' conditions on the ground

FT WORLD AEROSPACE CONFERENCE
REPORTS BY LYNTON McLAIN

WORLD AIRLINES had shown "Olympian indifference" to the fate of air travellers waiting in intolerable conditions at British airports this summer, Sir Henry Marking, chairman of the British Tourist Authority, said in London yesterday.

The airlines concerned should be condemned for the "callous indifference" they showed to passengers, he said. "They could and should have done something to alleviate the hardships suffered by their would-be passengers, but they had done nothing," he said at the second and final day of the Financial Times World Aerospace conference held in London.

This had done some airlines no credit. Sir Henry asked whether or not it was right that they should deny all moral and legal responsibility before passengers had boarded their aircraft.

He accepted that not all airlines which made the regulations had caused the passenger queues, but in many respects the consumer now received a raw deal from airlines.

Poor treatment of airline passengers on the ground contrasted with their treatment once in the air. As a general rule, this was of a high standard and passengers had little cause for serious complaint.

Standards on the ground were all too often low. This was not always a result of faults in the airlines, as in the present case which was due to the impact of the French air traffic controllers' dispute.

As the chairman of a tourist authority, Sir Henry said he applauded the cheaper air fares which had already come into force across the North Atlantic and which would inevitably spread to other routes.

Cheap air fares generated more traffic, and there was no doubt that the public would put up with some inconvenience and hardship to travel more cheaply. But cheap travel raised two issues of vital importance to the future. In the longer term, cheap fares would be no good for the tourist industry if they became so low as to jeopardise the stability of scheduled services.

Normal scheduled services were essential to the well-being of a stable tourist industry. But if new fares were so low that they resulted in airlines selling dollars for 75 cents each, the long-term stability of scheduled operations would be at risk.

The second issue was the "huge queues" of people trying to get to New York on the Laker Skytrain and trying to buy stand-by tickets on scheduled services this summer.

Sir Henry said present regulations had resulted in people queueing for several days in London and at Heathrow and Gatwick airports.

Such regulations were not acceptable if they resulted in the public having to submit to ordeals, he said. He had Authority that the regulations for Skytrain passengers in Britain and for stand-by passengers on scheduled services now had to be reveiwed to prevent a recurrence of the intolerable conditions at peak periods.

Air traffic was going to continue to grow and air fares were getting cheaper, but Britain had to make sure that there would be adequate accommodation for the rising number of foreign visitors. Britain had to have hotels that would not take advantage of the cheaper air fares to increase their prices, perhaps unnoticed in total package costs.

Airlines had to use their influence with hoteliers to ensure that the growth in air traffic which lower fares was generating was not put in jeopardy by unreasonable increases in hotel prices and in the cost of ground arrangements.

Sir Henry said that a passenger who had paid $160 (£82) to cross the Atlantic would not be willing to pay $80 or more a night for a hotel room. There was a vital need for more accommodation in major tourist cities.

Tourism in Britain would account for £3bn of foreign currency earnings this year. It was one of the fastest growing of all international industries since the Second World War.

It also provided jobs at a time of high unemployment and Governments had to recognise that they had a part to play in nurturing an industry so that tourism was commercially viable and could flourish, Sir Henry said.

'Rising costs will be passed on to the passengers'

M. Henri Ziegler, chairman of France's Société Nationale Industrielle Aerospatiale talking to Mr. Edmund Dell, Secretary of State for Trade, at the conference. *Terry Kirk*

Air terminals not planned to deal with strike chaos

THERE WERE many elements in the British airports system which were so sensitive to industrial action that they resulted in chaotic consequences, Mr. Norman Payne, chairman of the British Airports Authority told the delegates.

The problem highlighted one of the difficulties now facing airport operators during forecasting and the provision of facilities. Mr. Payne said that the BAA had been able to make a good assessment of the effect of weather and technical snags and to allow for these. The frequency of short-term overload in the system could be assessed and airports could be modified to cope with these peaks of activity.

But coping with the uncertain frequency of industrial disputes was another problem. There would always be some element of industrial action in the international air transport business that would cause delays and congestion much greater than the BAA had allowed for in the past.

This would mean that new terminals would have to be larger and more expensive, while existing terminals would have to be rated at lower capacities to be able to cope in the event of disruptive industrial action.

These rising costs would eventually be passed onto the airline passenger, unless airports could improve their efficiency.

Faster

The speed with which airlines had reacted to the explosion in travel at the low-price end of the scale was much faster than that with which airport authorities could react with provision of increased capacity in new terminals, he said.

It was not a problem to provide temporary accommodation, but these facilities had a habit of becoming permanent. A further problem was that the temporary accommodation was often sited where permanent facilities were needed.

There was also a growing tendency for space allocated for emergency use to be used for normal airport operations.

Mr. Payne defined an airport as the place where, ideally, one spends the minimum of time. He suggested that the low-fare paying passenger was much less sensitive to time. This summer the most a low-fare passenger spent at a British airport was four days.

It was a paradox that the passengers who paid the highest fare for Concorde, used airports the least, and once at the airport he or she spent only a minimum of time arriving or departing. The same did not apply to those paying lower fares.

It was possible that airports would have to provide special facilities at a lower standard than for normal traffic for all stand-by passengers. These lower-grade facilities would help avoid some of the discontent felt this summer by passengers with scheduled airline tickets who were affected by much of the congestion created by waiting stand-by passengers.

FLEXIBILITY

Airports had to increase the flexibility of the service they provided, but in the long term all passengers would have to receive equality of service, Mr. Payne said.

He forecast that by the mid-1980s there would be a dramatic decline in the area of noise disturbance around Heathrow airport, London. By the next decade the majority of aircraft using British airports would be certified in accordance with the International Civil Aviation Index 16, which set a maximum permissible noise limit for all civil aircraft in the mid-1980s.

But he warned that for older airports in locations which had extensive urban development there would be a long-term residual noise problem as air traffic had grown.

He also warned that eventually when all aircraft had been certified to meet maximum noise levels, Britain and other industrial nations would have reached the limit of improvements. After that, there would be little that could be done to reduce noise further.

The only way for a futher reduction would be to reduce capacity at airport terminals at an ultimate cost to air travellers.

In a paper on the technical spin-off from European Space Agency projects, Mr. Roy Gibson, director-general, said the agency had tried for many years to assess the effect of agency contracts on the aerospace industry. A study group from Strasbourg University had concluded that it was possible to quantify the "total amount of usefulness" in space contract work.

For each ESA contract of 100 units, a manufacturing company had received another 270 units in the form of consequential benefits, Mr. Gibson said. A detailed account of the methods used in reaching this conclusion was contained in Mr. Gibson's paper.

The European Space Agency had a total budget last year of 485m units of account (each one worth $1.13). This year the total would rise to 605m units, but was likely to fall by around $100m as the Spacelab and Ariane rocket launcher programmes reached their peak.

Sit-in Indian seamen accept $700 and agree to go home

THE 16 Indian seamen held for 26 days since staging a pay claim sit-in aboard their ship will be going home within the next few days.

The Indian Workers' Association, who took up the case after the men were taken into custody by immigration officials at Tilbury on August 5, said yesterday that they would be flying back to India as soon as travel arrangements could be made.

"The dispute between the men and their employers has been resolved and they have accepted a $700 ex-gratia payment offered to them."

The 16 were taken off the Greek cruise ship Calypso when it docked. They claimed the company owed them money. After refusing to be flown home they were taken to Pentonville prison in handcuffs.

The ship owners, Ulysses, last week offered the men a sum of money and a free ticket back to India but that was rejected. This week the 16 were moved to Harmondsworth immigration detention centre near Heathrow.

As the move was made, the Home Office granted the men a "further and final" seven-day extension of stay in Britain.

Representatives of the association and of the Joint Council for the Welfare of Immigrants met Mr. Brynmor John, Home Office Minister, for "urgent discussions" yesterday. The joint council had claimed there were grounds for believing the action of the immigration service was unlawful.

Prep schools' leader warns on state control

FINANCIAL TIMES REPORTER

PREP SCHOOLS' LEADER WARNS ON STATE CONTROL

EDUCATION IN Britain is fast heading towards state control under the Labour Government, according to the leader of the organisation representing the country's 442 independent fee-paying preparatory schools.

Mr. James Hornby, chairman of the Incorporated Association of Preparatory Schools, was speaking at the opening of the association's annual conference in Cambridge yesterday.

He said: "If we ever reach the stage where all children are educated by the state, by teachers trained by the state to a curriculum dictated by the state, we shall have abnegated a very important part of what constitutes a democracy."

Mr. Hornby said that merger talks were taking place between his organisation, whose 72,058 pupils are mostly in boys' schools, and the Association of Head Mistresses of Girls' Preparatory Schools, which caters for 17,152 pupils.

He said that one association of 90,000 pupils would be a much stronger bargaining force than two smaller units and that further talks would take place soon between the two associations.

Whitehall defenders

FINANCIAL TIMES REPORTER

GROWING SENSITIVITY in Whitehall about what the civil service sees as its poor public image has led to the formation of a Press watchdog team.

The Civil Service Department-based team meets every morning to read the day's newspapers and transcripts of broadcasts for stories critical of Government departments. If an attack is felt to be unfair, the result is a letter to the editor responsible and rebuttal of the charges.

The three-man group comprises Mr. Michael Power, an under-secretary at the Civil Service Department, Mr. Sidney Cursley, the department's chief information officer, and Mr. Timothy Sutton.

The group was established three months ago as one of a series of proposals in a report which examined low morale in the service brought about by bad publicity.

هكذا من الأصل

Somalia: aid comes in after the ravages of war

BY A SPECIAL CORRESPONDENT

SOMALIA'S EXPULSION of Russian experts last autumn and the abrupt discontinuation of all Soviet aid is posing serious problems *for the* economy as it recovers from a disastrous war with Ethiopia which officially ended in March.

Somalia is one of the poorest countries in the world. No less than 70 per cent of the population of 3.2m are nomads who graze cattle, sheep and camels and earn the majority of the country's foreign exchange from *low quality meat exports.* There are about 8m hectares of fertile soil in the area of the Juba and Webi Shebelle rivers in the south, of which only about 1m hectares are cultivated, with development being hampered by a desperate shortage of skilled manpower.

The government's strategy is to develop the arable areas of the country, gradually resettle some of the nomads and try to improve the quality of the rangeland. After the terrible drought of 1974-75 about 120,000 *nomads were resettled in farming* and fishing settlements. The Soviet Union provided the aircraft and lorries for this operation and helped run the fishing settlements, and though it was by no means the only country giving aid to Somalia, it was involved in several other projects, most of them fairly big.

Somalia had mixed feelings about Soviet economic aid. While they readily admit that the Russians did much useful work in developing infrastructure, such as the port of Berbera (where the Soviet navy enjoyed facilities), and they appreciated their help during the drought, Soviet shipments tended to be slow in coming and lack of spare parts was a *common complaint.* The Russians frequently used their economic aid as a lever on the Somali Government —for example to obtain the *release of Somalis jailed for* activities on behalf of Russia.

Soviet aid was often wasteful: of some 700 civilians working in Somalia half were interpreters. Many Soviet-assisted schemes were ill-conceived, including two major industrial establishments, the meat packing factory at Kismayu and the fish canning plant at Las Koray. Both have been operating far below capacity and incurred heavy losses for the state. Now they are coming to a standstill for lack of spare parts.

The Russians, and indeed those Somalis whom they trained or influenced, had a marked preference for the *grandiose or spectacular rather* than the strictly practical, and for new schemes rather than the improvement of existing ones. The most important scheme, on which about 200 Soviet people were working at the time of their expulsion, was the Fanole irrigation project in Lower Juba, designed to irrigate 50,000 acres. So far only 5,000 acres have been prepared *for irrigation* and work on the river barrage was only half completed when the Russians left, taking with them the plans needed to finish it.

Leonard Burt

President Siad Barre of Somalia

The most promising scheme was a deep sea fishing venture, called Somalfish, which the Russians provided with factory ships, trawlers and expertise. In 1976 it produced more than 4,000 tons of frozen fish, lobster and fishmeal, compared with 1,700 tons the previous year. Most of the catches were sold to Russia but there was a growing demand from the Middle East. When the Russians pulled out they took all their vessels and equipment with them.

The Russians also helped with coastal fisheries, assisting with the resettlement of 13,000 former nomads as fishermen in three large co-operatives. This pioneering work started with a United Nations project to provide motor boats, modern fishing gear and training. Then the Russians took over, and now the UN has resumed training. So far, however, fewer than 1,000 nomads have done much fishing.

Aid from the UN, the Arab world and the EEC countries has at least been equal to the Russian effort, and the Somali Government *is looking to these* sources to make up for the Russians' departure. The Chinese, who have been helping to build roads, a hospital, a sports stadium and other large projects, are also assisting, and are expected to provide spare parts for Russian-made equipment.

Western countries are naturally keen to step up their assistance to Somalia, and West Germany owes Somalia a particular debt of gratitude for allowing its commandos to attack the hijacked Lufthansa jet at Mogadishu last October. But the large Russian projects are difficult and expensive to take over and in many cases there is the problem *of* providing spare parts. Iraq, however, has expressed interest in the Somalfish scheme and Britain is to provide engines for fishing boats on the inshore fishing projects. But some aid agencies find that despite the official ideology of self-help it can be difficult to obtain full co-operation from Somali bureaucrats and officials, some of them apparently used to the Russians running their own projects with little contact with the Government.

Britain has said it will provide project aid and has been asked to look at the possibility of building a dam; it is hoping to set up a tsetse fly research project and to provide polytechnic teachers. Apart from marine engines Britain is providing cement from a £2m programme aid grant. The programme is also paying for housing on the Juba sugar project, where Booker McConnell is building a factory and sugar estate with about $200m provided by Abu Dhabi and Saudi Arabia. When fully operational, the scheme should provide 100,000 tons of sugar a year for home consumption and export.

The World Food Programme has to provide about half the food for the former nomads living in agricultural settlements on Juba and Shebelle rivers. About 83,000 people in the three settlements still produce only a fraction of their food requirements, though important development schemes for their benefit, through the construction of housing as well as expert training and supply of farm implements, are now under way with the help of the World Bank *and* Arab money. The resettlement schemes are regarded as something of a political and social triumph, but given their enormous cost and *technical* problems there are no immediate plans for further large-scale resettlement.

While crop farming in the south is to provide the main *thrust of Somalia's development* —with nearly 30 per cent of the revised 1974-78 development plan (entailing spending SoSh 4.5bn) being allocated to it—it is now felt that more should be done to assist the nomads on their grazing areas rather than trying to change their occupations. A large rangeland conservation project has begun in *the* north covering an area of 140,000 square miles and a population of 300,000 nomads. Financed with a soft loan from the Kuwait Fund, *it is designed* to improve badly over-grazed pastures, provide good water and develop nomadic communities socially and educationally. Another *scheme* assisted by the World Bank and Arab financial resources will start next year. Eventually, all the nomads should become *semi-settled.*

But development prospects are far from glittering in a country where few mineral resources have so far been found in commercial quantities (though uranium is a possibility). The country is at the mercy of drought and is presently suffering from swarms of locusts in the north. The war with Ethiopia was largely financed by Saudi Arabia but it left about 150,000 refugees who must be cared for. Foreign exchange reserves, at $174m, are relatively high but there is expected to be a bad trade deficit this year.

However, with its strategic position in the Horn of Africa, Somalia can reasonably expect some balance of payments support from its rich, conservative, fellow members of the Arab League.

The Property Market

BY JOHN BRENNAN

The Euston backwash

Flour (Great Britain's) 237,000 sq ft letting of British Rail's Euston Square development means that the U.S. engineering service group will be vacating 180,000 sq ft of mainly central City of London offices.

White Druce and Brown, who negotiated Fluor's £3m a year Euston Square letting, has been retained to dispose of the group's existing buildings. And as Fluor confirms that it will be moving all of its 1,300 London staff into the Euston blocks next spring, the agent will have an impressive range of City space on offer.

The largest of Fluor's existing offices is the 70,000 sq ft Finwell House by Finsbury Square. Just down the road in Finsbury Pavement it will be able to take down its temporary sign "Fluor House" over the 36,000 sq ft former First National Finance Building. And it will also be leaving a 30,600 sq ft gap on three floors of Blackfriars House.

The remaining space is 15,000 sq ft at 54, Wilson Street, EC2; 8,400 sq ft at 67, Wilson Street; 12,000 sq ft at 32, City Road, EC1; and 8,000 sq ft at 11, Stanhope Gate.

Fluor, which first came to London in 1957, has been trying to bring its fast expanding staff under one roof for nearly 10 years. It looked at and rejected all the traditional relocation sites. And at one time it held the Office Development Permit on the Albert Embankment site which English Property Corporation recently sold to the United Nations.

Fluor started discussions for Euston Square with Edward Erdman and Company, British Rail's letting agent, earlier this year shortly after Esso backed out of provisional talks for the building. Having taken the whole 237,000 sq ft on offer, Fluor estimates that it now has the room for around a 30 per cent expansion in staff numbers.

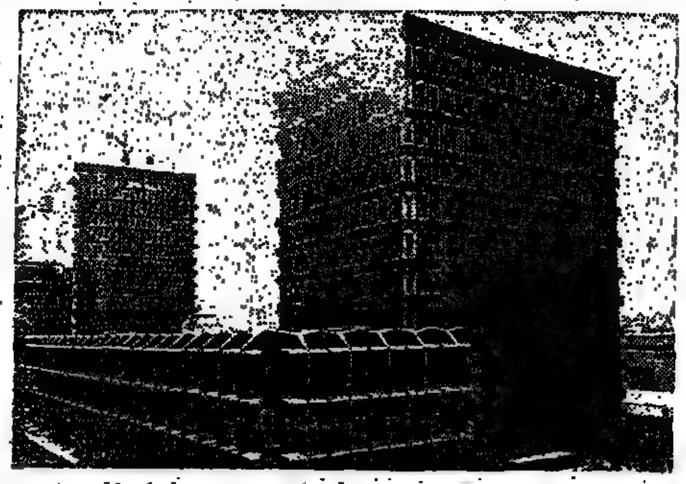
Despite this one-third room for expansion Fluor has no intention of sub-letting Euston Square.

No details of the rent or lease agreement have been released by Fluor or British Rail. But it is firmly believed that rent of £3m a year, £12.65 a sq ft, has been agreed. Fluor is also believed to have followed U.S. tradition by incorporating a medium term "break" clause in its lease. But otherwise it is a standard agreement with five yearly, upward only rent reviews.

From British Rail's point of view a single letting at this rent is clearly excellent news. It comes close enough to the £13.50 asking rent to set new standards for Euston Road offices.

The letting, coming with news (reported elsewhere) that Esso has taken Thomas Cook's 110,000 sq ft offices at 45, Berkeley Street, W.1, also augers well for the few remaining large office units left in the London market. It confirms the rental premium that has built up for modern units of 100,000 sq ft or more.

In retrospect the development could be judged as the late Sir Eric Miller's most successful property, if not financial project. Peachey Property Corporation's interest in the scheme ceased in 1976 when British Rail brought in Norwich Union and ICI's pension fund to take over financing for the £32m development.



Euston Square, for £3m a year the new "Fluor House."

Behind the scenes at Neasden

LIKE THE swan, developments tend to look serene on the surface with frenzied paddling underneath. Only rarely does the public facade slip. Documents passing within the London Borough of Brent in recent weeks provide one such glimpse behind the scenes of a major development, in this case the £13m Neasden freight complex and superstore.

The last public event in the scheme's progress was the open meeting of Brent's Development Committee on July 12. At that time Brent officials' report on the proposals were discussed and it was agreed that the council would make a final decision on September 7.

In their report the officials looked at industrial estate schemes from the private developers Hanover St. George and at British Rail's rail-freight superstore project. British Rail, which owns the 49-acre Neasden sidings, had sifted through 57 plans before backing the package put forward by Tesco — for a 100,000 sq ft superstore — and a 550,000 sq ft freight complex financed by Legal and General Assurance (Pension Management) and to be built by local developers Kyle Stewart under the development direction of English Property Corporation's Nick Irvine and Drivers Jonas.

Recommended

The officers exhaustive report concluded that "only in the case of British Rail's application do the benefits of the proposals outweigh their disadvantages which are considered to be limited in scope. Neither of the Hanover St. George planning applications meet the strategic benefits sought from the site."

Local residents unhappy about the effects of the scheme on local traffic, and of the superstore on local traders, did not go along with the officers' view. But to the public eye their only recourse was to lobby the council ahead of its decision on September 7. In fact, behind the scenes lobbying revealed by the Brent documents heavily underlines the swan analogy.

In a letter posted to councillors this week the British Rail consortium lays out the events of recent weeks.

On July 21, nine days after the council officers' favourable report, Kyle Stewart's John Disley writes that, "Mr. A. J. Beckett, Director of Development, indicated to the consortium that although he had signed (the recommendation) for acceptance of the scheme, he now had mis-givings about the size and impact of the superstore vis-a-vis industrial development."

In the meantime, talks between British Rail and local residents worried about the impact of the additional road traffic resulted in a major concession by the Rail Board. It wrote to the council saying that, as a separate proposal, "it might be of assistance to Members of the Planning Committee to know that the Board would be quite prepared to co-operate . . . in having a new look," at a Wembley by-pass road on its land.

On August 11 Hanover St. George reappeared; it had certainly not given up after the July meeting. In a letter circulated to Brent councillors it attacked British Rail's scheme.

The developer dismissed estimates of 1,000 new jobs in the freight complex as "a wildly optimistic figure." It said that the proposed resiting of a cement works was "inappropriate," warning that such works mean concrete seepage on to adjoining property, road damage, and could result in "all adjoining landscape—including trees—(being) covered in a layer of white dust." It produced counter arguments to every element of British Rail's plan.

Hanover wrote that council acquisition of the land, using Community Land Act powers, could result in a 75-acre industrial site worth £10m—or £7.35m with a hypermarket—provide "at least" 3,000 jobs, and give "unrivalled opportunity for the Borough to create a top-quality development capable of regenerating industry throughout North West London."

Residents

British Rail's team was active at the same time, considering local residents' views about the scale of the superstore. On August 17 British Rail wrote to Brent's development director offering to co-operate on a rethink about the store. Tesco at this time compromised by considering the idea of reducing the area of the store grounds by having two-storey car parking, leaving room for some light industrial units. It also moved to meet the criticisms of local tradesmen by considering cutting the size of the food sales departments in the store.

Earlier this week Mr. Disley posted his letter to Brent's councillors bringing them up to date with the behind-the-scenes events, and countering Hanover's criticisms of the scheme.

Having repeated the strengths of the plan Mr. Disley spells out the alternative in no uncertain terms. British Rail's plan, made more flexible by the post-July lobbying, could be under way by the year-end if the Council agrees to it on September 7. But, "if by chance provisions outlined in the Community Land Act were pursued the result would be . . . a battle with British Rail which could be seen as a test case by all other nationalised industries . . . (and) subsequent and serious delays which could be measured in years rather than months. . . ."

Brent residents who thought that after the public meeting the developers sat back to await the council's decision may be surprised to learn that in fact, the gloves have been off in a fierce lobbying match. Hanover and British Rail have been [ham]mering away in one corner, British Rail and local pr[essure] groups battle it out in the [other]. Next week's council meetin[g will] decide who takes the prize.

In Brief . . .

WEDNESDAY proved to be a schizophrenic day for observers of property company annual meetings. Stock Conversion Investment Trust and Great Portland Estates both held simultaneous AGMs on different floors of London's Cafe Royal.

As it happened, a race up and down the stairs, apart from irritating the Cafe staff, merely resulted in the traditional sight of cheerfully uncritical shareholders applauding their board's efforts. Neither meeting ran for more than a quarter of an hour, and the only notable event was the informal enthronement of Richard Peskin, Great Portland's assistant managing director, as Basil Samuel's heir apparent.

Replying to a shareholder's question on management succession Mr. Samuel said that Mr. Peskin was young enough and "perfectly suitable to take over from me in 20 to 30 years time when I want to take things more easily." Great Portland bid fans can mull that one over.

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THE LIQUIDATOR appointed after the collapse of the London School of Accountancy has raised £150,000 from the sale of the school's 5,500 sq ft freehold at 24 Old Gloucester Street, W.C.1.

Folkard and Hayward sold the educational space to the Institute of Ecotechnics, a U.S. ecological research organisation involved in the conservation of just about everything apart, to judge from its name, the English language. Montagu Evans and Sons advised the U.S. researchers.

Property zoned for educational use or available to charities but not outright office users, forms, like diplomatic accommodation, a grey area in the market. Matching ecologist to accountant resolved the Old Gloucester Street problem. But Strut[t and] Parker is still casting aroun[d for] 5,000 to 7,000 sq ft for [the] Institute of Strategic St[udies], preferably in Covent Garde[n. As] the ISS is registered as a ch[arity] it can look at buildings [with] such tricky planning cons[ents]. But it has had no luck so f[ar].

●

EUSTON SQUARE has ri[ghtly] stolen much of the limelig[ht in] the London office market [this] week. But this year, even i[n the] traditionally quiet ho[liday] period, every level of the [office] letting market has been [un]seasonally active. De G[root] Collis alone has tied up [over] 200,000 sq ft of lettings in Holborn and Kingsway are[a in] the past few weeks.

In a two part deal the a[gent] has assigned National Insur[ance] and Guarantee Corporati[on's] 81,000 sq ft offices at 1 Holborn Viaduct, EC1 to [the] Post Office. It has moved Heron Corporation's subsid[iary] to Lazard Property Unit Tr[ust's] 43,700 sq ft building at [...] Fetter Lane, EC4.

Lazards, advised by Pe[...] Angliss and Yarwood and Al[...] and Co., has been trying to [let] its Fetter Lane development [for] nearly two years, and it [is] believed to have accep[ted] significantly less than its £[...] a sq ft asking rent. De G[root] has also lined up a tenant [for] the Prudential's 35,500 sq [ft] Princes House block in Ki[ngs]way, and in tandem with Hil[lier] Parker May and Rowden, [is] believed to have agreed te[rms] with a tenant for the Prudenti[al's] 52,270 sq ft offices at 7 H[igh] Holborn.

Acting for the Abbey Prope[rty] Fund, De Groot is also to be marketing the 56,000 sq ft Sta[...] Hall refurbishment at St[...] House Court, EC3. The [air] conditioned space is on offer [at] £650,000 a year.

INDUSTRIAL AND BUSINESS PROPERTY

PROPERTY DEALS

Beefburgers on the move

McDONALD'S high street invasion is running into problems. The beefburger group's British launch has been an unqualified trading success—"We take in pounds what the others take in dollars," says property director Philip Cobden, comparing the UK to McDonald's other markets. But suitable restaurant sites are becoming harder to find.

Bob Rhea, the former McDonald Corporation franchisee who set up McDonald's Golden Arches Restaurants Limited in Britain four years ago, opened his first restaurant in Woolwich late in 1974. (Why Woolwich? "I wondered about that, it seems that it was just the first suitable property to come up," says Mr. Cobden.)

Mr. Rhea, and his finance director Jeffery Wade, who together hold a majority of the equity in the McDonald Corporation's UK associate, now have 18 restaurants in operation with another seven ready to open by the year-end.

In this first phase of its move to Britain the group has stuck to prime or near prime high street sites within the London television area. But with a turnover now touching £20m a year and plans for another 20 restaurants in this area by the end of 1980 Mr. Cobden is already looking beyond the South East.

No firm plans have been agreed. But after 1980 the Midlands seems the most probable target for the next marketing drive.

Demand for McDonald's beefburgers is strong enough to fuel the expansion. But Mr. Cobden, who moved over from Green Shield last year, is finding it progressively more difficult to tie up suitable restaurant space. He explains that, "when we started the economic situation was working for us . . . in the depression it was possible to wait three months until we got a *change of use" (from retail to* restaurant space) "before signing, but now we may have to take up offers unconditionally."

Change of use applications are common because in most cases existing restaurants are too small for a McDonald conversion. Mr. Cobden now looks for a minimum area of 4,000 sq ft, making smaller High Street supermarkets an ideal choice.

Defining space requirements is easier than satisfying them, and as councils become increasingly conscious of the loss of retail frontage in high streets, McDonald's need for retail rather than restaurant sized units is beginning to make life difficult for its property team.

So far, the group has had only two blank refusals for change of use. But, as shops are swamped by building societies and other service organisations moving to high street outlets, and this loss of retailing begins to be recognised as a long term planning problem, that refusal rate is expected to rise.

Tenure requirements also act as a bar to many otherwise suitable properties. Mr. Cobden's brief means that nothing is looked at unless there is at least a 20-year lease available, and although only eight of the existing restaurants are owned outright, freehold units are preferred.

Problems apart, the budgeted growth to 45 restaurants by the end of 1980 makes McDonald's one of the more active smaller retail unit buyers in the market. And its penchant for the size of supermarket now being shed by the larger stores groups provides a reasonable source of property.

In one such deal announced this week, Conway Relf, which has acted for McDonald's on all its restaurant acquisitions, has taken a 25-year lease on Tesco's 8,000 sq ft former supermarket in Wood Green, N22.

The restaurant, at 97/99 High Street, Wood Green in the shadow of the ESN's 500,000 sq ft Wood Green Shopping Centre, will cost McDonalds an initial £35,000 a year and give it a two-floor unit with a 31 ft 6 ins frontage. Healey and Baker acted for Tesco, which retains the freehold.

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DEMAND for private hospital beds helped Knight Frank and Rutley to sell the Bushley Maternity Hospital at Heathbourne Road, Bushey Heath, Hertfordshire before auction. A consortium of consultants and doctors from Watford bought the 20,000 sq ft hospital for around £125,000. They have set up a Charitable Trust to re-equip and refurbish building, which rambles over 52 rooms, 5 wards and 3½ acres of grounds.

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ENGLISH PROPERTY Corporation has raised around £1.3m from the sale of its Garden House buildings in Covent Garden. A £400,000 refurbishment turned the delapidated offices and builders yard off Long Acre next to the Royal *Opera House, into 9,800 sq ft of* offices and 2,800 sq ft of light industrial space occupied by the publishers Hamish Hamilton. Now EPC, through E. A. Shaw and Partners, has sold the freehold to HH's parent, the Thomson Organisation, advised by Leavers.

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HEINEMANN, Thomas Tilling Group's publishing subsidiary, has taken over the Association of Certified Accountants' 11,055 sq ft offices at 21 and 22 Bedford Square, WC1. Heinemann, which is spilling over from its existing offices next door, takes, without premium, the remaining 7 years of the accountants' lease from the Bedford Estate at £55,000 a year. Strutt and Parker advised the accountants, who have now moved to the Royal Institution of Chartered Surveyor's old building at 29 Lincoln's Inn Fields, WC2.

JB

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● ENGINES

Petters' new diesel

EXTENSIVE redesign of one of the most widely used of the Petter diesel engine series, the PAZ 1, of which many thousands have been sold over the past 25 years, has enabled the company to reduce unit cost while providing the same power performance in a new engine given its world launch yesterday.

This is an exceptional move in current economic conditions and it has been made possible through re-thinking the design of the camshaft, cylinder head assembly, fan and cylinder cowling and reversing direction of rotation of engine.

The company has tooled up for large-scale production and this is already running at a rate equivalent to 40,000 units a year.

Although the new type has been code-named the AC1ZS, it is likely to be known very widely as the "PAZ 1" in deference to the world reputation won by its predecessor.

It is presented in two speed ranges—1,000 to 1,250 rpm and 1,250 up to 1,800 rpm with respective continuous rated outputs of 1.1/1.5 kW and 1.5/2.25 kW within the provisions of British Standard 649.

The improved model is an aluminium rather than a cast iron engine, is smaller and lighter and has a lower centre of gravity. It is intended for the tough concrete mixer market and also for any application where an engine is needed to run for extended periods under light loading with minimum supervision, such as in traffic light sets and pumps.

For other equipment manufacturers the compactness and lighter weight of *this engine* will prove a boon. But the company, which is a major Hawker Siddeley subsidiary, by launching its new engine is at the same time seeking to stabilise the market for it.

In the past, market movements have been virtually unpredictable, partly due to the many ups and downs in the construction industry and partly to the way of operating of the OEM users who have generally been very reluctant to order far ahead.

The company is therefore bringing in an incentive scheme (taking the form of a bonus linked with the number of engines purchased) to induce the manufacturers, who buy-in the Petter engines to build into their equipment, to look themselves more closely at future market patterns.

● MATERIALS

Tough soles from scrap leather

COMPLETE EQUIPMENT and manufacturing know-how is offered for the production of a new external shoe soling material: "Solex."

Made from recycled natural chrome tanned leather scrap or waste from the shoe and leather industries, it is a Belgian development.

Solex has much higher abrasion resistance and better water repellent properties than natural leather while still retaining its "breathing" qualities, the inventor company claims.

Soles made from it can be supplied in various finishes at prices competitive with synthetic materials at about half the cost of natural leather.

One of the advantages of this system is that it will readily accept scrap Solex leather as part of its raw material input.

The manufacturer, Machine Constructie L. Grossmann, Terbekhofdreef 55, 2610 Wilrijk (Antwerpen), Belgium, will supply Solex in form of sheets, or as ready-cut soles.

The company is also ready to supply plant and operating experience.

Banishes soluble oil pollution

DISPOSAL DOWN the drain of soluble oils and emulsions used in industry is becoming inhibited by increasingly stringent regulations imposed by water authorities. An alternative is disposal by tanker which is expensive. Now comes a system which the company claims to be cheap and simple to operate and can also be used to treat other chemical waste problems.

This is the soluble oil plant from FSP (Filtration and Separation Products), Gillmans Industrial Estate, Billingshurst, West Sussex (Billingshurst 3741).

The plants split soluble oils and emulsions used in the engineering industry on cutting, grinding, honing applications, etc., into a waste sludge which can be burnt (and is often sold) and water which can be disposed of to drain. The system does not require heat energy and is not sensitive to metal swarfs (which can tear delicate membrane filters) or to hardness or chemicals in the water.

● METALWORKING

More advice on worker protection

LATEST code of practice on machine-tool safety and third in a series of seven from MTTA, is concerned with safeguarding broaching machines and like the two previous codes, which covered sawing and cutting-off and grinding and honing machines, sets out to eliminate or minimise the dangers arising from mechanical hazards of the machines and the working processes. Reference is also made to other sources of risk causing injury or ill-health such as coolant, swarf, dust and fumes.

The code includes advice on types of guards and their construction; controls and the prevention of inadvertent operation; on power-operated rotating chucks and the prevention of accidental unclamping of workpieces. The text is supported by clear line and two-colour drawings and includes a bibliography.

The publication has been prepared under the authority of the *MTTA Standards Policy* Committee and is devised to assist all those concerned with safety from top management to the machine tool operator.

Code of Practice for Safeguarding Broaching Machines is obtainable price £5 (including post and packing) direct from Secretary, MTTA, 62, Bayswater Road, London W2 3PH. 01-402 6674.

Lightweight sander

SAID TO be ideally suited to heavy-duty sanding operations as well as lighter grinding and fettling applications, is a lightweight sander/grinder, the NL3 from Marron Machines, 37, Queensbury Station Parade, Edgware, Middx. HA8 5NN (01-952 5642).

The 1½ hp motor is doubly insulated to international standard, is air-cooled by means of special air flow baffles and is designed for continuous operation on normal sanding duties.

The machine has an impact-resistant body in glass-filled resin material and is supplied with a backing pad for use with a 7-inch diameter sanding disc. It is available for operation from 240, 110 or 50 volts supply.

Remelting furnaces

TRADITIONALLY, induction furnaces have been employed in iron and steel foundries, although some Scandinavian *steelworks have employed induc*tion remelting of internal alloy scrap. The common arguments against the use of induction furnaces have been relatively modest production capacity and, compared with arc furnaces, limited refining capabilities.

However, the induction furnace does offer a solution to environmental problems such as noise, dust and interference on power networks. These factors together with favourable process economics have resulted in two orders, from Fagersta AB and the British Steel Corporation for very large induction furnaces from ASEA, the Swedish-based manufacturer of electrical equipment.

The furnaces, among the largest of their type in the *world, will be used for remelting* ingot moulds weighing up to 32 tonnes. The furnace vat and roof have been designed in a similar fashion to those of an arc furnace, thus allowing the moulds to be charged whole instead of having to be broken up and cupola - melted as previously.

ASEA (UK), Villiers House, 41 Strand, London WC2N 5JX. 01-930 8411.

Control of a grinding wheel

STANDARD numerical control equipment cannot easily be used in conjunction with grinding machines because the grinding wheel dimensions continually change as work progresses. Siemens has therefore produced the Sinumerik 7S, a modification of the standard Sinumerik 7, specially for grinding machine users.

Diameters constantly diminish while work continues, which makes it impossible to include the grinding wheel in NC path calculations as though it were a tool of constant dimensions. *Moreover, the wheel* is very quickly blunted, with the result that the NC unit must allow the wheel to be withdrawn for trueing at any time. Grinding feed rates are very small. The grinding wheel therefore needs to be brought as close as possible to the workpiece in one movement, even though the exact dimensions of workpiece and wheel are unknown.

This control problem is solved by means of the "safety line," i.e., the blunt grinding wheel is withdrawn to a specified distance known to be clear of the workpiece. After trueing, the grinding wheel is rapidly returned to the safety line, the position of which is constantly updated and stored. When it reaches this line, the wheel is moved on at an increased feed rate until it makes contact with the workpiece. The workpiece program of the new Sinumerik 7S is composed of a number of subprograms activated in the required sequence by a main program. The cycle is repeated until the workpiece has been machined to size.

Siemens AG, Postfach 103, D-8000, *Munich 1, German* Federal Republic.

● INSTRUMENTS

Sees broken strands in power lines

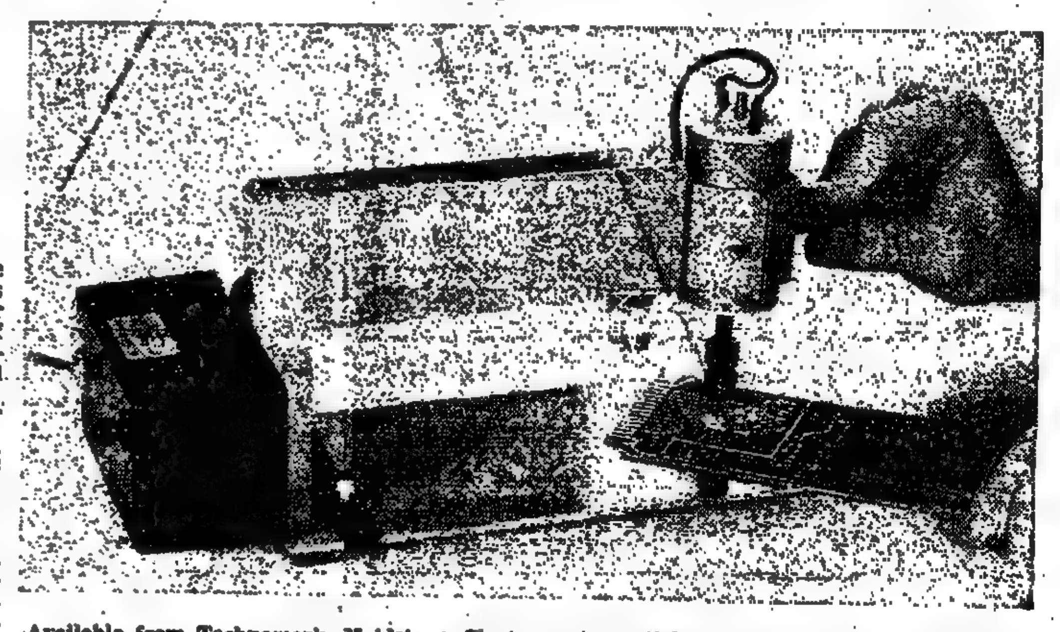
DEVELOPED BY Biccotest, the T318 partial break detector has been designed specifically for the detection and location of broken strands within the multi-stranded cores of flexible and trailing power cables.

Such cables, connected for example to coal cutters in mines, are subject to constant flexing and fatigue breaks of some of the strands will eventually occur, inferring regular inspection.

The T218 is used to detect the amount of resistance change that occurs when the frayed ends brush across each other as a result of mechanical agitation at the point in question.

Testing consists of connecting the instrument and then progressively agitating the cable along its length until a point is found at which the comparator lamps on the instrument light up. Then, the number of lamps that light give an indication of the extent of the fraying. Basic technique involves the detection of current transients at the break in the looped cable.

More from the company at Delamare Road, Cheshunt, Herts., EN8 9TA (Waltham Cross 29011).



Available from Technomark, Maidstone, Kent (0622 670022), is this drill stand, specially designed for drilling small quantities of printed circuit boards, prototypes, one-off production specials, and missed holes.

The motor body is supported on a cantilever spring system which, when depressed, switches the motor on, and off when released. If the drill motor body is adjusted so that the motor switches on with the drill just touching the board *surface drill wander* can be eliminated to enable accurate drilling of plain copper surfaces.

The drill stand is 315 mm long x 115 wide and 150 high weighs 2.5 kg and has an integral 12V DC power supply. A clamp allows full drill height adjustment and there is a throat depth of 168 mm.

● PRINTING

Aids the designer

FOR USE in the design or photographic studio, on site at exhibitions, displays, or at clients' premises, is an adhesive transfer applicator, the ATG 277, from 3M United Kingdom, PO Box 1, Bracknell, RG12 1JU (0344 58452).

This is a lightweight, hand-held tool which can dispense *either a strip of adhesive only*, or a strip of adhesive complete with protective liner.

On one setting the blade is withdrawn and a built-in roller feeds tape liner on to a rewind spindle so that only an even, controlled strip of adhesive is transferred to the artwork or photographic print. The other setting allows both adhesive and tape liner to be dispensed together, the blade cutting the liner after application. In this case, the adhesive remains protected and the item can be taken to the point of assembly where the liner can be removed and the artwork mounted, joined or spliced on the spot.

● TEXTILES

Sensitive tension tester

WHEN PROCESSING the relatively sensitive fine filament synthetic yarns to convert them into textured yarns the slightest variation in tension can have serious repercussions, not least of which is a variation in dyeability that will later be reflected in stripes in the knitted or woven fabric.

An even bigger problem is that of monitoring the tensions of yarns without disturbing that tension and yet be assured of an accurate and instant measurement. In texturising, a false-twist system using friction heads is now taking processing speeds from around 400 up to and even beyond 1,000 metres/minute, so that constant checking is vital.

A new tension measuring system which gives constant digital read-out of the tension values has been developed in England by FMK Manufacturing (London and Manchester House, PO Box 3, Macclesfield SK11 7QJ, Tel. 0625 29433) and is being marketed as Tenscan. It is claimed that the new system is not only suitable for application in draw-texturising of filament yarns, but that it can also be used in open-end spinning where tension consistency is most critical.

The system used is simple, inexpensive and extremely sensitive. Two pins are positioned on each side of the running yarn and when the tension is to be measured these rotate and touch the running yarn. In only 5 seconds a small tension transducer interrogates the tension values and this is then amplified and transmitted to the data logger at the end of the processing frame where it is compared with pre-set tolerances. In the event that a position is not operating correctly the fault is signalled to the operative.

This system of checking and comparing continues constantly round the machine so that a regular check is made of all tensions on say 240 positions every 5 minutes as each interrogation checks four positions at a time. Once a position has been found to be outside the limits this is indicated by a lamp over the position.

If a tension in a particular position is to be checked it is a simple matter for the operative to enter the position of the thread line by push buttons and at once *the unit will check the tension* of a particular unit.

The Management Page

EDITED BY CHRISTOPHER LORENZ

How a merchant bank handles entrepreneurs

BY NICHOLAS LESLIE

GRESHAM TRUST is the merchant banking subsidiary of Gresham Investment Trust, a publicly quoted company. In the past 15 years it has invested in around 90 companies. Ten of these have been start-up situations, and the number may very soon be swollen if current negotiations are successful. It sees its market as the smaller company and aims to fill a gap between the clearing banks and finance houses—which provide largely short-term funds—and the big merchant banks, which are involved more in long-term financing of larger companies.

It will consider backing a project from scratch, including the setting up of a new company, but also finds a large part of its business with private companies where family shareholders wish to realise all or part of their investment.

It raises funds through the money markets, dividends from investments and capital profits from the sale of investments.

THERE IS a host of reasons why the finances of small companies can get out of balance. One is that the directors are simply unaware of what is happening to their resources. Another is that, while they may be aware of a deterioration, they do not know what to do about it or where to look for funds to remedy it. Similarly, they may recognise the need for an injection of medium or long-term money if they are to complete a programme of expansion, but are nervous about approaching a finance company because they do not know what reception they will get, or what they will be required to do before they get any cash.

The latter factor—a fear of the unknown—is a common enough problem. It is an attitude which helped generate the widespread, and cynical, view among many industrialists in small and medium-sized companies that the people holding the strings of the medium and long-term purses live in ivory towers in the City of London. These people, so it is believed, do not understand the nitty-gritty of, say, manufacturing, will want to pry into a company's business and will then try to get a large slice of its action.

An increasing number of steps have been taken over the last year or so to counteract the ignorance that exists about the role of banks and other financial institutions. Many institutions have made it abundantly clear in evidence to the Wilson Committee (currently looking into the role of the City and its financial institutions) that they consider there is no shortage of money.

Elsewhere, efforts have been made to identify where different types of money can be found. Recently, the Bank of England and the City Communications Centre have produced Money for Business, a booklet listing British and foreign financial organisations and the sort of money they provide. And, as disclosed on this page on July 11, several banking organisations have produced a standard agreement to assist potential clients.

But, for the small industrialist, this still leaves unanswered some basic questions. What kind of reception is he going to get if he approaches a finance house? Will he have to divulge all sorts of information which he has tried for so long to keep to himself? Will he be "grilled" about what plans he has for his company? And will he have to give up a large chunk of his company's equity as a prerequisite to getting any cash, with the possibility also of having somebody appointed to his Board of directors?

Such apprehension may seem of minor importance in relation to the wider problem of ensuring that companies get the right amount of money at the right time to guarantee their competitiveness and stability. But it would be a mistake to ignore it, since such worries stop a great many small company entrepreneurs and industrialists from ever funding their companies either properly, or at the most appropriate time in their development.

Not only that, but their fears are partly justified, since the answer to many of the above questions is "yes."

Norman Baldock, managing director of Gresham Trust, maintains that most financiers would acknowledge that they have a rather daunting "ivory tower" image. He is equally convinced, though, that this is generally unjustified and that so far as he and his co-directors are concerned great efforts are made to put potential customers at their ease. He also reckons that sufficient explanation is provided by them to convince customers that any private information his company may want is relevant in reaching a decision on financing.

It is clear that any company hoping to tap Gresham for medium- or long-term funds (either as venture capital or development capital) will get a better reception if it makes an approach via a firm of accountants or solicitors, or at the very least gets advice from them. This is because "they know the fundamentals required in putting together a presentation about a company," says Norman Baldock.

An introduction, then, is useful, but not absolutely necessary. The advantage of it is that the financier is given some assurance that the approach is being made by a company with credibility. Without it, both sides are naturally suspicious of one another until the ice has been broken. Another useful channel is for a recommendation to come from an existing client of the finance company.

It is obviously important for the client company to be able to justify clearly why it wants money. If it is to enable a partner or a director in a private company to realise some of his capital while still retaining active management role the finance company has basically to decide only whether the concern is viable. Of course, if the capital is being realised prior to a retirement, the financier must also assess whether this means the best of the management will be quitting the company, leaving it in a weakened position.

Prestigious

Then again, if the money is required for, say, capital expenditure on new production facilities, it is important that the company can clearly justify such an expense. It is no good putting up a factory extension or establishing a new production line just because it seems a prestigious move and gives an impression of growth.

The sequence of events leading up to a company getting the money it requires from Gresham is relatively straightforward. At the outset, Gresham prefers to have a potted description of the company, giving its history, shareholders, products and markets. It will also want to know in detail what the proposition is, its purpose and how much finance the customer itself feels is needed.

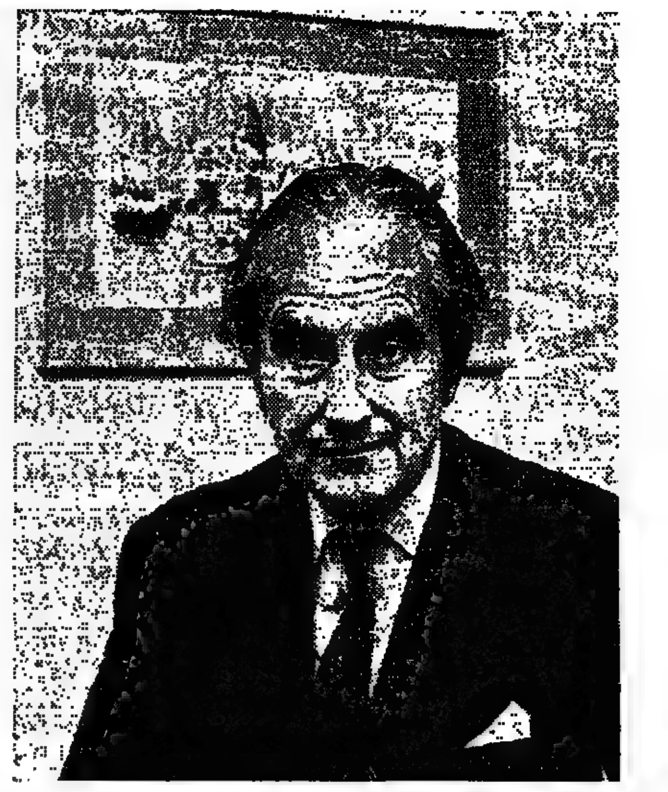
Financial details are essential, including the company's sales and profits record and, ideally, a profits forecast. And by profits Gresham is talking of pre-tax earnings and not some vague percentage in relation to sales, and before interest payments on borrowings have been accounted for. It is also not much good putting forward a figure of, say, £50,000 for the year if this is before the directors have taken their salaries and fees, which may well swallow up £40,000.

A dispassionate analysis by Gresham of all such information is the ideal, so as to answer the basic questions of whether the company or proposition is sound, has a good product or range of products aimed at large enough markets to guarantee growth, and has adequate facilities either available or planned in detail to meet the expected expansion.

This is best done in advance of any meeting, according to Peter Wreford, Gresham's chairman. Then, at the first meeting "we try to make a judgment on the man as to whether we can work with him," he says.

At the meeting "we would be talking over what ideally they want and why they want it. We would say what we might be able to offer and what we would want. We make it clear that we will probably want equity. We lose a lot of people at this point," says Mr. Wreford.

Like other financial institutions of its type, Gresham generally insists on taking an equity stake, not only for security reasons, but also because it is the only way it is likely to get an adequate return on the money it is lending. Equally, while much of the demand for funds comes from people who want to realise some capital, Gresham's insistence on an equity stake stems from the existence of so many small and medium sized companies which "really do need to increase their capital base."



Peter Wreford: "We make it clear at the first meeting that v probably want equity."

Gresham decides whether it can take things beyond the earliest stages within a day or two ("in our judgment the essence is speed; the chap doesn't want us to take six months to decide"). Then comes a second meeting, most probably at the client's premises. Gresham will be looking to see "whether our impressions gained from the financial information are borne out on the ground."

"You also find out whether the man understands his business properly; for example, he may have said that he is stuck for factory space when clearly he is not," remarks Mr. Baldock.

An offer is likely to be made at this point, subject to contract and probably to an accountants' report. A marketing investigation may also be required. The money may be made up of all equity, or part equity and part loan stock. The precise package will depend on the company's circumstances.

Gresham will also want to meet the client's top management team at the second meeting—this usually means barely a handful of people, since the smaller companies tend to have the owner as the dominant force, with management spread thinly.

Involvement

If propositions are rejected, it is for very diverse reasons. It may be because the product is not considered sufficiently viable; management may be inadequate; or, typically, an investigation will make it clear that the company's systems and financial controls are very weak. For example, costings may be completely inadequate and it emerges that while eight products are being made only one or two are profitable.

There is clearly a possibility that some of these situations would be viable if new management were put in, but Norman Baldock says that this is not Gresham's policy. "We invest in the people who run a business," he says. And although he and his colleagues do hold directorships with a number of client companies, they are there purely in a "financial, guiding sense." Any more direct involvement in management would obviously incur any organisation in Gresham in considerably increased overheads.

The anxieties felt by small company owners are not, apparently, without foundation. Preparation of a financial report is "often a traumatic experience" for the company's management, according to Mr. Baldock. The owner "feels he has bared his soul to us, but he does not know what has hit him when the accountants have gone in." But this does not happen in every case and is not an unexpected reaction among people who have probably retained very private control of their affairs for a number of years.

Gresham is reluctant to disclose the minimum amount of loans it is prepared to extend, largely, it seems, so that it can retain greater flexibility in its selection process. However, it does appear to be one of the very few institutional lenders prepared to lend £25,000 (even less, on occasion) by way of medium- and long-term funds.

Whatever the sum, the finance is generally for development purposes or to buy out a shareholder, although the door has not been closed entirely on venture capital projects. Its reluctance to back start-up situations is due to what it considers is a general lack of cre among people putting f ventures which requir capital. The risk capit tures Gresham is most li consider seriously are where somebody who h a lot of experience in large company and want up on his own in a sphere. Their credibilit Mr. Baldock, is that greater.

One of the problems financiers such as G Trust, particularly whe aspiring client is a sma pany, is simply the cost i in mounting the operati do a full investigation e ing all aspects of a con trading history and fi and then to incorporate t a prospectus, means tha will be "enormous," sa Baldock. Gresham is th working on a formula will enable the process done in stages so that it cial cost can be kept in

But of prime initial tance to any banking inst is getting the customers door, and breaking dow ingrained apprehension prejudices. Here N Baldock maintains that body who approach merchant bank for this service won't be faced reception he cannot cope

Small business: new challenge to pension funds

MORE MONEY should be channelled by pension funds into the small company sector, according to a report by the Business Graduates Association. It is also felt that financial institutions should be more prepared to provide management expertise for such companies in early stages of their development.

Within the context of a general need to encourage an expanding small company sector (at present it is contracting), the BGA report points to the potential of large industrial groups hiving off small subsidiary companies by, for example, selling them to the senior executives concerned. Tax incentives should also be introduced by the Government, it is argued.

To bring about a small company resurgence also requires changes in social attitudes, it is maintained. In the U.S., more businesses continue to thrive and multiply than in the UK. "We believe this is largely because the U.S. has had a consistent public policy of fostering private enterprise, and the American who starts up a small business from scratch and builds it up into a livelihood for himself and his family is generally held in high regard by his local community. This is far from being true at the present time in this country."

Deterioration

On the position of financial institutions, the BGA report—pointing to the deterioration in the small company climate since the Bolton Committee report on small firms in 1971—maintains that "the future role of pension funds will be critical as they will contain the major reservoir of 'forced' private long-term savings." It is also argued that it seems "economically myopic that pension fund managers feel obliged by their trustee status to invest the vast majority of their funds in the larger public companies."

Given the right opportunity and conditions, small companies can play an important part in developing national self-sufficiency, energy conservation, and the formation of intermediate technology to assist developing nations, says the report.

The report does not believe there will be a demand in the future for new technology products at the rate experienced up to now. But it does see technological innovation as important to Britain's present need to develop new industries to replace those being killed off by competition abroad. But to get individuals or institutions to back such innovation will require "special, enlightened tax rules."

Even so, says the report, there is still a problem of grafting suitable management expertise on to entrepreneurial inventors. It is suggested that institutions providing the financial backing "must be prepared to participate in the management of these ventures, certainly during the early stages of the commercial exploitation."

Such a view is in marked contrast to the past and current practice of the financial institutions. For the most part they have deliberately avoided such an involvement, preferring to maintain contact largely by means of formalised reporting systems and informal contacts.

The report is critical of the lack of action following the Bolton report. Tax reforms were ignored by Government, as were recommendations for local small firm advisory bureaux with expert personnel. the small firms sector, while Department of Industry does not have the necessary qualified staff or resources to adequately monitor the problems of small firms, says the BGA report. Equally, little has been done to co-ordinate and publish results of research into the small firms sector and secondary schools and further education colleges have done little to identify the training needs of those wishing to start and run their own businesses.

Banks and finance institutions are also criticised for not providing small firms with comparative information about the whole range of various investment criteria adopted by individual institutions; they are also attacked for not giving advice on how to apply for funds. The report also blames the accountancy and legal professions for not training their members sufficiently to specialise in advising small firm clients, making the point that their advice is "vitally important as the advice of bank managers and representatives of finance institutions, however, helpful, is inevitably biased."

The report, Small Firms, was produced earlier this year, but has only recently been published by the Business Graduates Association, 87 Jermyn Street, London SW1.

Nicholas Leslie

LOMBARD

Duty galore on whisky

BY DAVID FREUD

OUR tax system has become too complicated. Inland Revenue officials freely admit that junior staff do not understand all the regulations they administer. And if the Revenue staff find themselves in difficulties it is hardly surprising that the rest of us regard taxation as a no-go area for the amateur.

Cardinal

There are several reasons for the complication. Probably the most important has been the pressure to close tax loopholes and to grant concessions to particular groups as the tax base was widened in order to support increased state spending. The end result—in both direct and indirect taxation—is that we have a system that contravenes one of the cardinal virtues laid down in the Meade Report: that a tax structure should be simple to operate and cheap to run.

Barring the unlikely event of a thorough-going reform of the tax system, this is something we will have to learn to live with. But at least we can ensure that unnecessary complications are not added to it.

On the principle that one man's convenient arrangement is another man's tax abuse the system is under constant pressure for changes whose impact on net revenue is minimal. Ironically, it is the tax authorities, fearful of being overburdened, who represent the opposition to these changes. The pressure comes from officious politicians and professional scrutineers, including the all-party Commons' select committees.

A good example is contained in a recent report by the Commons' Committee of Public Accounts. The committee claimed that the whisky distillers were avoiding tax—in this case a duty—through the arrangements for test sampling. The position, it said, represented an abuse and Mr. Edward du Cann, the committee's chairman, revealed that as a result of committee pressure the Customs and Excise had agreed to end the system.

The committee's ire had been aroused by an arrangement which has operated for the last 120 years. The distillers are allowed to extract a small amount of whisky duty-free from each cask for essential testing purposes. The maximum allowed is a tenth of a gallon, equivalent to 0.2 per cent of the average 48-gallon casks. Understandably, the distillers have grown accustomed to taking the full tenth of a gallon. They have also grown used to "pouring back" that part of the sample not wholly consumed in the tests.

This means that a small proportion of whisky in the shops has not had duty paid on it. The sums involved are not large by comparison with the £450m whisky duty paid each year. Even if all the samples were poured back, which they are not, the duty would amount to less than £7m. Is this arrangement as iniquitous as the committee makes out? More important, will the proposed cure be worse than the disease?

According to the chairman of the Customs and Excise the procedure to bring the practice of "pouring back" to an end will require "some kind of documentation by which every sample will be covered by a piece of paper." That documentation, which will be kept by the trade, will have to show what proportion of each sample was consumed in the tests, and what remained usable. The Department will then make random checks to ensure that the rules are being observed.

Equitable

Is this paper-work really necessary? If the Department wants to recoup the duty it feels it is losing it could far more simply raise the overall rate by the relevant fraction of a percentage point. There is no inequity in the "pouring back" practice because all the whisky distillers use it. So no one of them gains a relative advantage over the others. Another of the Meade principles is that like must be treated as like.

Seen in this light the arrangement is simply a rough and ready way of ensuring that sampling can be undertaken fairly and with the minimum of paperwork and accounting. It could be argued that the long-standing arrangement is part of the structure of the duty and was taken into account when the rate was fixed. Such simple and equitable arrangements should be encouraged and promoted, not attacked as tax fiddles.

Safety on the M1 of the seas

BY IAN HARGREAVES

SEA TRAVEL looks, feels and is pretty safe. This presumably is one reason why cruising at sea continues to be regarded as a pleasure in itself, whereas other forms of transport possess mainly functional appeal.

Few people, however, would take a trip on a cross-Channel ferry just for the fun of it, although judging by the growth in popularity of the ferry operators' cheap weekend break packages to France, there is pleasure to be found in a two-day excursion which is dominated by, if not exclusively devoted to, getting there and back.

Certainly safety is not at the forefront of the ferry passenger's mind as he makes the Channel crossing. To him, the Dover Strait looks wide, sparsely populated and even, when the passenger's state of mind and the sun are in appropriate positions, not a little romantic.

The Dover Strait forms, in fact, the busiest stretch of international water in the world. It offers just over 20 miles width of sea and on a normal summer's day accommodates well over 300 passing ships and another 200, chiefly ferries, the business of which involves crossing the main shipping lanes to get between England and the Continent.

In recent years, much effort has been put into creating motor-style regimentation for this M1 of the oceans. Before 1967, there were no rules of the road at all in the Strait.

Since then a great deal has *changed, with the pace of* change quickening in the wake of a spate of serious accidents in 1970 and 1971. The area got its first, primitive traffic separation scheme in 1967 and in the following decade this has been improved at the same time as

AROUND BRITAIN

DOVER STRAIT

radar supervision from the shore has intensified. Even so, it was only a year ago that the weight of international law came behind the traffic zones, giving most maritime countries the power to punish rogue ships and their masters. In practice this has meant small fines, erratically imposed, on captains whose ships break the separation rules.

The Department of Trade claims great success for the traffic scheme, which was the first of its kind in the world. A recently published survey by the Anglo-French Safety of Navigation Group—itself a product of the trend towards greater maritime supervision of the Channel—showed that there are six infringements a day—about 2 per cent of all ships—compared with 22 a day in 1972.

Last year there were only three collisions in the strait, none of them serious. But during this year the nearby Amoco Cadiz oil tanker and Eleni V oil spill accidents, the first of which took place inside a traffic-zoning scheme, have pricked the authorities in many European countries into new forms of action. The favourite response has been to force tankers and other ships carrying dangerous cargoes further away from the shore. There has been no change in the Dover Strait scheme, partly because the authorities say it is working well and partly because the narrowness of the Channel at this point makes provision of separate lanes for differing classes of vessel impractical.

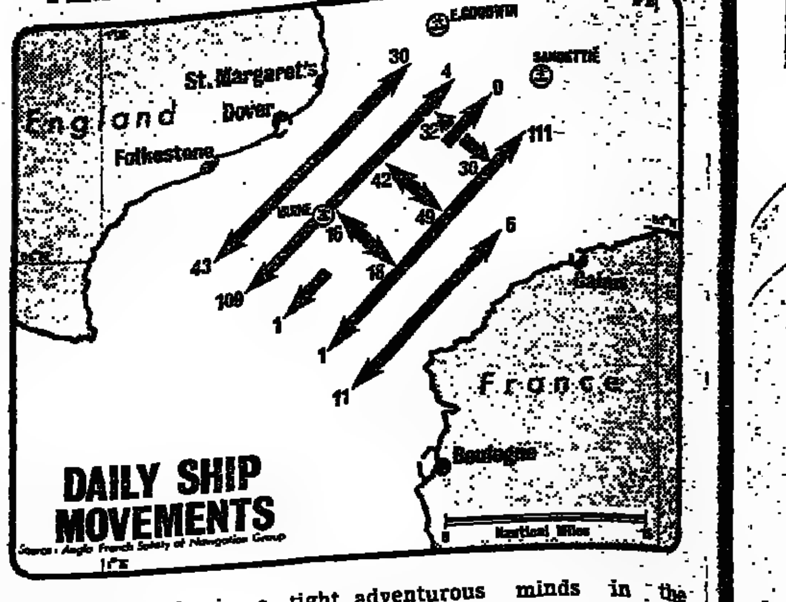
Just as traffic separation came late to shipping, so too have advanced methods of training and navigation. Simulation has been used for many years in the training of airline pilots, but only in the past few years have ship simulators been developed. The larger shipping companies now possess a variety of electronic systems designed to synthesise bridge conditions on all sizes of ship and in all manner of locations and weather.

The area of greatest controversy, however, surrounds the marine equipment on the ship's bridge itself, in particular the question of computer-based collision avoidance systems (CAS). Again a number of rival designs are available, but the function of a CAS is to process and present raw radar data which, combined with information about the ship's own speed, gives the navigator simple visual and if necessary audible warning of any possible collision paths.

P & O's Dover-Boulogne ferry, the Lion, has been a test bed for CAS and is now a shop window for the system developed by Sperry Marine Systems, which is part of the American Sperry Rand group. Sperry has supplied over one third of the 400 or so computer-based integrated CAS-visual read-out systems currently in operation throughout the world.

Captain John Robinson, one of the Lion's team of masters—the ship operates round the clock, 364 days a year, placing heavy demands on its equipment—says that CAS's biggest advantage is that it enables a ship to maintain speed and course safely and confidently when it might otherwise *have to slow down or change* direction and risk falling behind its extremely tight schedule. CAS also makes a number of navigation functions much less tedious giving basic information at a glance.

As for preventing accidents, Captain Robinson points to two crucial limitations: the fact that other ships unequipped with collision avoidance may misinterpret a manoeuvre by a ship which is so equipped, and the fundamental maritime principle that exclusive trust should not be placed in any particular bit of kit, especially in a tight situation.



The strongest advocates of CAS internationally have been the U.S. maritime authorities, but the Americans have so far failed to force CAS into any international convention on maritime safety.

The main sceptics are the large shipping companies, which would have to find just over £100,000 a vessel to equip to the Lion's standards. Shell, for example, funded research at Liverpool Polytechnic which concluded that there was no evidence for CAS's claimed contribution to maritime safety.

In the end, it is much more likely to be the search for lower manning levels and better ship productivity which drives owners into more advanced and automated ship control systems rather than any straightforward requirement to improve already reasonable navigational safety standards.

One day, some of the more adventurous minds in the marine equipment industry believe, we shall see virtually automated ships ploughing along set routes, able to deal with rapid changes in sea-state as well as avoidance of obstacles.

For the meantime, though, ferry captains will continue to employ a blend of experience, guile and hardware of varying sophistication in avoiding what seamen blandly describe as "*close* quarters situations." Threading their way between supertankers and sailing boats, men like Captain Robinson are full of stories about the "port hand Charlies" who disregard accepted approach procedures and the even more subjective manoeuvres of private yachtsmen. But they believe that public confidence in their performance will continue to be justified by their record and that the Dover Strait will remain among the safest as well as being the busiest shipping highway in the world.

Boden's Ride should win again

RACING

BY DOMINIC WIGAN

THERE COULD be no more appropriate winner of today's Intercraft Solario Stakes at Sandown than the sponsoring company's Intercraft Boy.

The Bill Marshall-trained colt deserves a good win. Highly rated from the start of the season, this inexpensive Virginia Boy colt, a 4,600-guineas yearling purchase, got off the mark in striking style at Newmarket in May when comfortably outpacing Twice Rich over five furlongs.

There came a considerably less happy venture to Royal Ascot for the Coventry Stakes. Intercraft Boy suffered the severe disadvantage of racing on the far side of the course after pulling a shoulder muscle on leaving the stalls.

Off the course for ten weeks after that, he reappeared at Newmarket on Saturday and finished a respectable sixth behind Warmington.

Although that run will have brought him on a good deal, it may be asking too much of Intercraft Boy to expect him to beat the three undefeated runners in today's line-up—Boden's Ride, Lyphard's Wish and Torus.

Boden's Ride, a half-brother by Grey Dawn II to Delta Sierra, impressed when getting the better of Spithead Review at Goodwood in July despite running extremely green, and he must be my selection.

Two other possible winners for trainer Ryan Price, who makes a habit of picking up prizes on this course from mid-summer onwards, are Newmatic and Kerkorian.

● Novice hurdle races will no longer be divided at the overnight stage, and no jumping meeting will normally include more than seven races a day, as a result of a revised system of balloting and division to be introduced by the Jockey Club on November 1.

SANDOWN

2.00—Music by Hand
2.30—Newmatic
3.05—Boden's Ride**
3.30—Kerkorian***
4.10—Soul Singer
4.45—Martingale*

TV/Radio

† Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (Ultra High Frequency only). 9.30 Paddington. 9.55 Jackanory. 10.10 Grange Hill. 10.35 Big John, Little John. 1.30 pm Trumpton. 1.45 News. 3.50 Tybed. 4.18 Regional News for England (except London). 4.20 Play School. 4.45 Agaton Sax. 5.10 Play Away.
5.40 News.
5.55 Nationwide (London and South East only).
6.20 European Athletics Championships.
6.50 Hoe-Down.
7.20 Young Dan'l Boone.
8.10 Miss United Kingdom 1978.
9.00 News.
9.25 Petrocelli.
10.15 European Athletics Championships.
11.00 Face the Music (London and South-East only).
11.30 Regional News.
11.31 The Late Film: "Barefoot in the Park," starring Jane Fonda.

All Regions as BBC-1 except at the following times:—

Wales—1.30-1.45 pm O Dan Y Mor. 5.10 Telifant. 5.35-5.40 Crystal Tipps and Alistair. 5.55-6.20 Wales Today. 6.50 Heddiw. 7.15 Crwydro Clawdd Offa (4). 7.45-8.10 Dr. Who. 11.00 Saskatchewan—Y Wlad Fawr. 11.30-11.31 News for Wales.

Scotland—5.55-6.20 pm Reporting Scotland. 11.00 The Beechgrove Garden. 11.30-11.31 News for Scotland.

Northern Ireland—4.18-4.20 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.00 More Moody and More Pearl. 11.30-11.31 News for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich): Look North (Leeds, Manchester, Newcastle): Midlands Today (Birmingham): Points West (Bristol): South Today (Southampton): Spotlight South West (Plymouth). 11.00-11.30 East (Norwich) On Camera: Midlands (Birmingham) Life's Work; North (Leeds) BBC North Young Music Makers: North East (Newcastle) Friday North: North West (Manchester) Northwest of Westminster: South (Southampton) One Man's Music: South West (Plymouth) Peninsula: West (Bristol) Chinese Riddle: Cotswoldkey.

10.45 Ten Years of LWT.
12.30 am Close—A speech from one of Shakespeare's kings read by Michael Burrell.

All IBA Regions as London except at the following times:—

ANGLIA

10.20 am Dynomutt—the Dog Wonder. 10.40 Tell Me Why. 11.05 Magic Circle. 11.30 The World of Julie Green. 1.25 pm Anglia News. 4.00 Cartoon Time. 5.20 Stars on Ice. 6.00 About Anglia. 8.15 Feature Film: "Woman's World" starring Clifton Webb and June Allyson. 10.30 Cross Question. 11.00 The Streets of San Francisco. 12.00 Mermaid Frolics. 12.55 am Men Who Matter.

ATV

10.20 am Friends of Man. 10.45 The Paper Lads. 11.10 Conquest of the Sea. 1.20 pm ATV Newsdesk. 1.30 General Hospital. 4.00 Christopher Crumpet's Playmate. 5.20 Backs to the Land. 6.00 ATV Today. 8.15 Rafferty. 9.15 Little Big Show. 10.30 Soap. 11.00 The Friday Night Film: "Death is A Woman."

BORDER

10.20 am Dynomutt—the Dog Wonder. 10.40 Tell Me Why. 11.05 Magic Circle. 11.30 The World of Julie Green. 12.30 pm The Story of Wine. †1.20 Border News. 1.30 Survival. 2.00 Summer After Noon. 4.00 Cartoon Time. 5.10 The Partridge Family. 6.00 Lookaround Friday. 8.15 Film: "Fantasy Island." 10.30 Festival. 11.00 The Law Centre. 12.00 ...

5.15 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Somerset for the Cup. 8.15 "Fantasy Island" starring Sandra Dee and Peter Lawford. 10.35 Letter by Letter. 11.05 Quincy.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion y Dydd. 4.10-4.40 Camau Cantumil. 6.00-6.15 Y Dydd.

HTV West—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

10.20 am Dynomutt—the Dog Wonder. 10.40 Tell Me Why. 11.05 Magic Circle. 11.30 The World of Julie Green. 1.25 pm News and Road Report. 1.30 Houseparty. 2.00 Summer After Noon. 4.00 Cartoon Time. 5.10 Cartoon—The Undersea Adventures of Captain Nemo. 5.15 Crossroads. 6.00 Scotland Today. 6.30 Laverne and Shirley. 8.15 Feature Film: "Fantasy Island" starring Bill Bixby. 10.30 Great Expectations. 11.00 Festival '78—Miriam Karlin. 11.45 Late Call. 11.50 Police Surgeon.

SOUTHERN

10.20 am Adventures in Rainbow Country. 10.40 Tell Me Why. 11.05 Magic Circle. 11.30 The World of Julie Green. 1.20 pm Southern News. 1.30 Ten Times Empty. 2.00 Women Only. 4.00 Cartoon Time. 5.05 Weekend. 5.15 Crossroads. 6.00 Day by Day. 6.00 Scene South East. 6.30 Tell Me Another. 8.15 "Fantasy Island." 10.30 A Southern Report. 11.20 Southern News Extra. 11.30 Quincy.

TYNE TEES

F.T. CROSSWORD PUZZLE No. 3,759

ENTERTAINMENT GUIDE

CC—These theatres accept certain credit cards by telephone or at the Box Office.

OPERA & BALLET

COLISEUM. Credit cards 01-240 5258. Reservations 01-836 3161. ENGLISH NATIONAL OPERA. Tonight & Wed next at 7.30: new production ...

THEATRES

HER MAJESTY'S. CC. 01-930 6606. Evgs. 8.0. Matinees Thur. & Sat. 3.0. "INSTANT ENCHANTMENT." Observer. THE MATCHMAKER. A Comedy by Thornton Wilder. "It goes down with a deserved roar of delight." D. Tel. For a limited season until Oct. 14.

THEATRES

SAVOY THEATRE. 01-836 8888. Credit cards 734 4772. Tom Conti in WHOSE LIFE IS IT ANYWAY? with JANE ASHER. "A MOMENTOUS PLAY I URGE YOU TO SEE IT." Guardian. Evgs. at 8.0. Fri. and Sat. 5.45 & 8.45.

Cinema

Rich crop from America

by NIGEL ANDREWS

Edinburgh Film Festival
FIST (A) Leicester Square Theatre

Working administrative miracles with a grant of £25,000, Edinburgh offers the best value for money of any film festival in the world. You will see more movie masterpieces at Cannes and Berlin, and you will be better wined and dined at Tehran and Taormina. But I doubt that any festival comes nearer to the ideal mixture of seriousness and enjoyment than Edinburgh.

Ironically, although the political slant of the festival is left-wing, well over half the new films this year came from that bastion of capitalism, America. A further 30 per cent or so came from Free World countries like West Germany, Britain and Japan, and only two movies came from behind the Iron Curtain: one from Hungary, one from Poland. I'm not sure how the organisers reconcile these statistics with their socialist beliefs: but perhaps they are deliberately focusing on countries where political debate is still alive and relevant, and where the revolutionary prize has not yet been won.

What the selection proves is that America is still a country of matchless vitality in the cinema. What other nation could have produced a crop of movies — from left, right and centre — as rich and diverse as those seen at Edinburgh? . . . documentaries like *Family Portrait Sittings* and *Word Is Out*, "B-movies" like *Outside Chance*, political fables like *The Boss's Son* and *On The Yard*.

Outside Chance is a film of unrepentant absurdity, but it deserves top billing in this report for its sheer exuberance. Edinburgh has maintained its loyalty to the American exploitation movie through years of scepticism and/or abuse from "serious critics": it honoured Sam Fuller and Roger Corman with retrospectives and it has regularly included an anthology of B-movies from the year's offerings, as a counterpoint of the ridiculous to the sublime.

Outside Chance is so ridiculous that it almost *is* sublime. This sequel to *Jackson County Jail* shamelessly regurgitates the first 15 minutes of the earlier film — in which chic businesswoman Yvette Mimieux sets out to cross America by car and fell victim en route to assault, wrongful arrest and rape — and then tacks on a quite different continuation. Nothing so wondrously absurd as Miss Mimieux's cliffhanging adventures here on escaping from a woman's prison (including terror at the hands of a family of bear-skinners and romance with a forest-dwelling concert pianist) has been seen since *Beyond The Valley of the Dolls*; and although as a pilot for a TV series *Outside Chance* is not scheduled to reach your movie screens, I suggest you hope and pray that some enterprising British distributor will show it.

It certainly knocks the shine off that much-praised slice of comic-strip Americana *Citizen's Band*, soon to open in London, and it shows up the decent-but-dull American films like *The Boss's Son* (worker discontent in a carpet factory) and *On The Yard* (the micro-politics of prison life) for the well-intentioned also-rans they are.

It does not however, outshine the two documentaries mentioned above. *Family Portrait Sittings* is a photograph album come to life. Leafing through the pages of the past, film-maker Paul Guzzetti has recreated—with photographs, home movies and interviews—the life and times of his immigrant Italian parents and grandparents in a beautifully offbeat and affectionate film.

Peter Adair's *Word Is Out* is a riveting two-hour anthology of interviews with American gay men and women. The film is nothing but talking faces but when the talk and the faces are this engrossing, who complains? Twenty-six homosexuals chronicle the stories of their lives—they range from a plump lesbian comedienne to a gay San Francisco politician (whose early life as a homosexual included an enforced spell of ECT treatment) to a 70-year-old male couple living happily ever after in rural New Mexico—and the film deserves a loud ovation for a pro-homosexual public relations act long overdue.

Britain's contribution to gay liberation is *Nighthawks*. This film, written and directed by Ron Peck and Paul Hallam, has a forlorn and down-at-heel charm that you either instantly warm to or instantly resist. Resisters will find the story of a young schoolteacher (Ken Robertson) who spends his nights running the dire gamut of London gay discos, and his days nervously disguising his sexual propensities from his colleagues, eminently unalluring. But I warmed to it; not least to the accuracy with which the small talk of gay encounters is seen to mask a gnawing emotional insecurity, and to the power of a scene near the end in which the schoolchildren confront the hero with the question "Sir, are you bent?" and when he answers "Yes" subject him to an explosive barrage of sarcasm, ribaldries and frontal interrogation.

My Way Home is the last film in Bill Douglas's autobiographical trilogy of a Scottish boyhood. The Dickensian overtones of *My Childhood* and *My Ain Folk* are again to the fore, and Douglas's brand of expressionist minimalism—gaunt, static camerawork, strong contrasts of black and white—is more stylised than ever. But something vital is missing. The early scenes of the young hero's misadventures in and out of a Scottish children's home are staged with a bleak, wry intensity; but when Douglas whisks his RAF-conscripted hero off to a desert outpost in Egypt the film—with half its length still to go—virtually grinds to a halt. Douglas finds no imagery in Africa to evoke and underscore the hero's mysterious emotional catatonia—as he did find in the black cobbled streets and dismal terraces of his native Scotland—and one ends by wondering if Douglas is one of those film-makers whose genius withers when transplanted.

Emotional paralysis is also the theme of the German film *A Woman and Her Responsibilities*, directed by Ulla Stockl. Its heroine is an unhappily married and mentally disturbed wife and mother who takes emotional refuge in a cleaning fetish (she has been scarred by a childhood spent housekeeping for her divorced father). She cannot leave a bathroom floor unscrubbed or a brass doorknob un-polished. The story is intriguing and the treatment oscillates engagingly between pathos and a bleak, cautionary comedy.

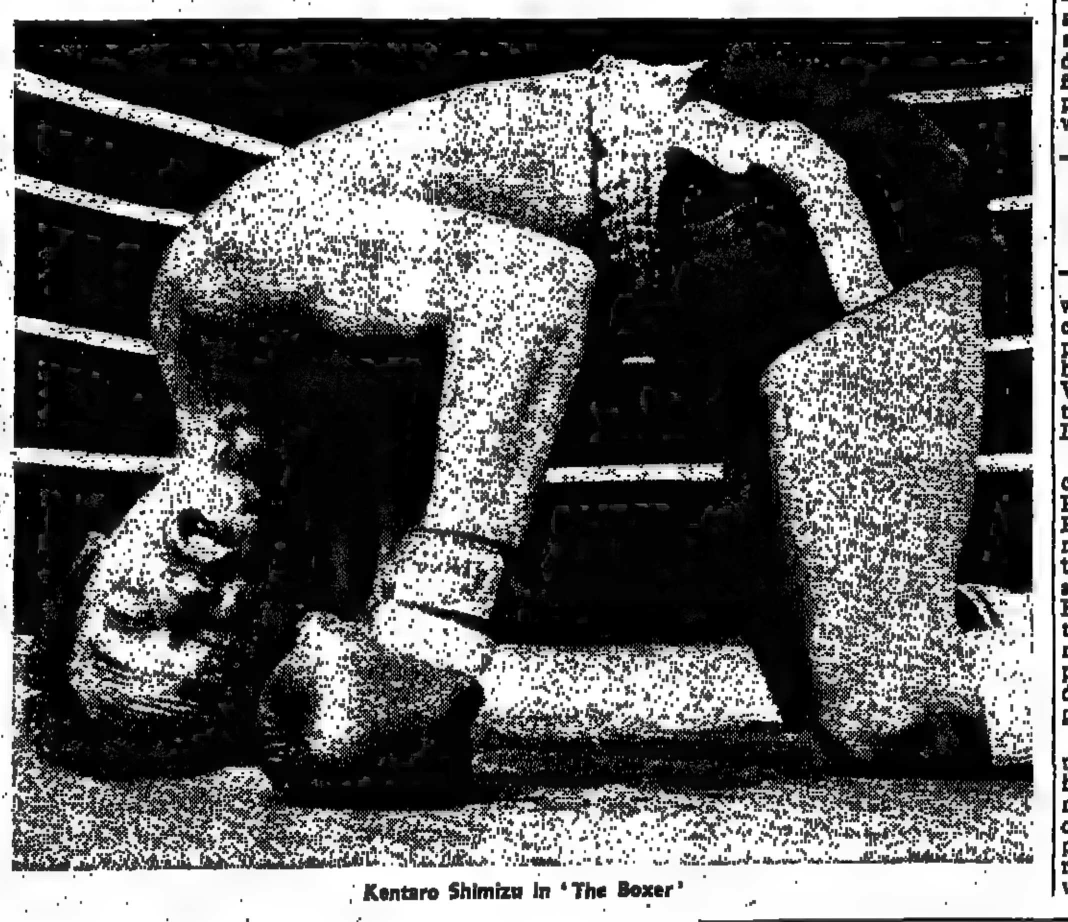
Less engaging is another German film, Helke Sander's *An All-round Reduced Personality*. This sub-Godard tract of awful solemnity tells us about a West Berlin photographer (played by Miss Sander) whos is determined to show her fellow Berliners and the political powers-that-be that life on this side of the wall is just as drab and oppressed as life on the other. Since she is practically a one-woman Reign of Misery herself, she almost succeeds; but not without the help of much political chop-logic and a line in holier-than-thou austerity worthy of Joan of Arc.

Finally, two movie events that London is about to share with Edinburgh. Shuji Terayama's *The Boxer* was seen at Edinburgh last week and opens at the Scala, London, this week. It is not Terayama's best film—for that take your choice between *Throw Away Your Books* and *Pastoral Hide-and-Seek*—and a Hollywood-sentimental air surrounds this story of a retired boxing champion who coaches a talented but hotheaded newcomer to success. But there are occasional outbreaks of Terayama surrealism that give the film a needed vitality.

The commercial cinema has only one new offering in London this week, *FIST*. This is the second film scripted by and starring Sylvester Stallone, and it specialises in much the same rough charm and homespun moralising as *Rocky*. Stallone plays an immigrant worker who rises from small beginnings as a union organiser in Cleveland, Ohio, (circa 1937) to become head of the national union "*FIST*" (Federation of Inter-State Truckers). The road to success is paved with corruption, however, and hardly has be reached his coveted eminence before he is hauled up before a Senate investigative committee, headed by Rod Steiger, and charged with abusing union funds and union power.

The early part of the film is shot in burnished browns (photography by Laszlo Kovacs) as if to set a tone of earthy, reverential simplicity: one is briefly alarmed that what is to unfold is a holy parable about the Heroism of the early trade unions. Both Stallone's adenoidal moron-you-love and Henry Wilcoxon's haughty factory manager seem like opposite ends of the same caricatural spectrum, and director Norman Jewison looks as if he is drastically limiting his didactic options to a straight choice between Up The Workers or Hands Across The Boardroom Table.

But while keeping in stylistic terms to the straight and narrow of Hollywood melodrama, the film starts to vary its political viewpoints and mix its perspectives. The Stallone character, while not losing his credibility as the tough guy with a heart, gradually succumbs to the temptations of using strong-arm union tactics and of forging alliances with dubious local racketeers. A ten-year leap in the narrative shows us Stallone at the crest of his power, as a grey-haired Union President. Then right on cue Rod Steiger enters as Nemesis. The ending is ambivalent—are we to see Stallone's downfall as an indictment of the unions themselves or of the Whole Capitalist System?—but ambivalence is a big advance on the picture-book simplicity of the early scenes.



Kentaro Shimizu in 'The Boxer'

Her Majesty's

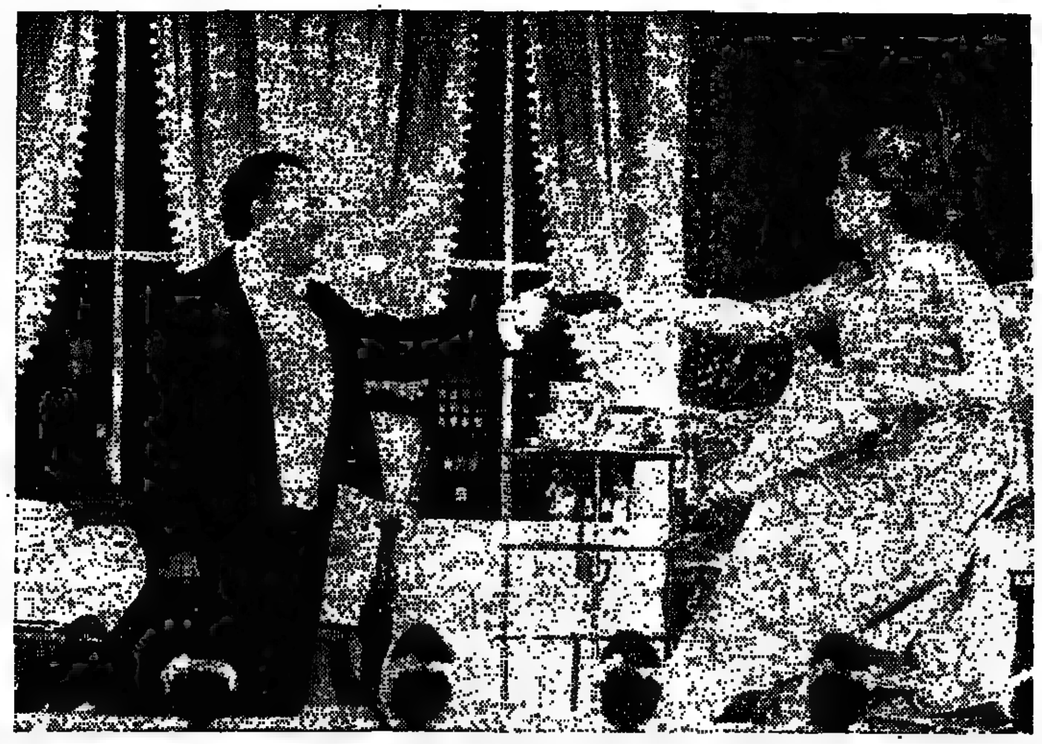
The Matchmaker

by MICHAEL COVENEY

It is a sad sign of the times that a modest, under-cast touring production of Thornton Wilder's gem of a play is brought in to fill a few weeks at a theatre that screams out for something bold, brash and preferably musical. In fact, for most of the evening, one is reminded what a wonderful book was made of this play for *Hello, Dolly!* Dolly Levi's entrance in the Harmonia Restaurant was a magic moment in post-war American musicals. Here, Maria Charles sidles almost apologetically into a cramped, charmless cafe where white trellis and perfunctory furniture makes eating, let alone dancing, a positive risk operation.

It is not the sort of play that can survive under-designing, which is what Saul Radomsky, on a limited budget, provides. The milliner's shop is an unatmospheric, candy pink hide-out more typical, probably, of provincial Yonkers whence the company have arrived in search of city lights and romance. The essential tension between Horace Vandergelder's hay, feed and provision store and the land of milk and honey in New York counts for little. Even the famous set pieces, such as the explosive shutting up of shop amidst a shower of tomato cans, achieve only a bathetic effect; you can almost see a stage manager pitching a few desultory armfuls of the stuff into the playing area.

The Cambridge Theatre Company's production garnered some glowing reviews out of town. I can only guess that the replacement of Vivienne Martin by Maria Charles in the central role has, surprisingly, resulted in a dissipation of stage energy. Miss Charles is husky and frivolous but not at all dominating. She has, in truth, very little to dominate, for the surrounding cast are about at home in the play as a tramp in Macy's. And for so American a piece, with its relentless pursuit of the materialistic and Big City values, this lack of confidential swagger proves more than debilitating.



Bernard Spear and Maria Charles

Jonathan Lynn's production is happier when downright corny and sentimental. Vandergelder's two adventurous clerks make off with the milliners after a splendidly sung refrain or two of an old camping song, and the youngest of them, Barnaby Tucker (Tom Kleh), scores consistently with expressions of doe-eyed innocence beset by temptation. As Vandergelder, Bernard Spear (who appeared in the same part in the Drury Lane take-over cast of *Hello, Dolly!* opposite Dora Bryan) is secure but, like so much else in the evening lacking in oomph.

I always thought this Wilde was softer on the awful home spinning philosophy of *Our Town* and *The Skin of Our Teeth*, but what there is of it is hard to take especially as you feel that a diluted theory of actor/audience relations is being perpetrated under a cloak of cosy familiarity

Torre del Lago

Remembering Puccini

by WILLIAM WEAVER

When Giacomo Puccini first came here, towards the end of the last century, there was no road from the seaside to Lake Massaciuccoli. His villa, built a few years later, was at the water's edge: and, crossing the brief garden, he could step straight into one of his boats and set out hunting wild ducks and other water-fowl. For a decade or more his letters were filled with the joy of the remote place when he was there and with home-sickness when his work called him elsewhere. Then civilisation — in the form of a peat-processing plant — drove him away. He settled in nearby Viareggio for his last years, though he kept his Torre del Lago house and often visited it.

Book reviews are on Page 25

Now Torre del Lago has become a popular vacation resort. Part of the lake around the Villa Puccini has been filled in to make a paved area, and there is the Bar Liù, next to the villa, and the Ristoranté Pensione Butterfly. Souvenir stands cluster near the gates of the maestro's house (open to the public) and you can reach it directly by bus from the Viareggio station.

But, in all this inevitable commercialisation, Puccini's music has not been forgotten: in summer an outdoor theatre is set up on a curve of the lake, and opera performances delight the temporary settlers and attract further visitors from other resorts along the Versilia coast. The Puccini Celebrations began here in 1930, with a memorable *Bohème* conducted by Pietro Mascagni, starring Rosetta Pampanini and Margherita Carosio. There were two operas the following year (with Gigli in *Bohème*, and Pampanini as Butterfly). Then performances became sporadic, until 1953, when the Torre seasons began again.

There have been gaps (a long one, between 1966 and 1971, for example); but now the local and regional authorities seem determined to put Torre del Lago's Puccini performances on a regular footing. One Florentine critic insists that the town should be turned into a "Puccinian Bayreuth."

From the beginning, the Torre del Lago performances have obviously attracted stars, and this summer was no exception. For its two productions—*La Bohème* and *Madama Butterfly*—it had Maria Chiara, Katia Ricciarelli, and Raina Kabaiwanska. I heard Chiara as Cio-cio san and Ricciarelli as Mimi (later Kabaiwanska sang some Mimis), and both artists were in excellent form, well-supported, too, by their colleagues.

Maria Chiara's range is a bit limited. Naturally, she did not attempt the optional D-flat in Butterfly's entrance song, but even less arduous high notes gave her trouble and sounded unsteady. Otherwise, she was splendid, phrasing sensitively, giving words their proper value, and presenting a plausible, touching heroine of unusual stature, more tragic than pathetic. Ottavio Garaventa was a sound Pinkerton, and Antonio Boyer a dignified Sharpless.

Katia Ricciarelli as Mimi at Covent Garden

The drawbacks of outdoor opera — of outdoor music in general, for that matter—are well known. The conductor Nino Bonavolontà, an experienced veteran, obviously knows them too, and he kept the performance together by setting a fairly brisk pace and maintaining it. Giovanni Miglioli designed an attractive set, which served for all three acts, thus creating some incongruities in Acts II and III, meant to take place indoors. As producer, the same Miglioli did not solve all these problems (and he overdid his use of supers), but in general the staging was unobtrusive and pleasant.

Miglioli created even more handsome sets for *Bohème*, which was deftly staged by Dario Micheli. Edoardo Müller, chief repetiteur of La Scala, conducted, employing subtle and flexible tempi, though sometimes at the expense of ensemble. Katia Ricciarelli, who has shed a few pounds, was a Mimi convincing to the eye and delightful to the ear. Unlike most singers faced with an open array of seats, with no resonant walls, she did not force her voice. Her singing was fluent, but almost subdued, deeply felt. Launched abruptly, and too soon, on her career a few years ago, she has been remarkably able to grow and mature while following the familiar jet-track from one great opera house to another.

Giuseppe Giacomini was a generous-voiced, somewhat provincial Rodolfo. He is certainly a useful singer, however, and one would like to hear him in a roofed, walled theatre. As Musetta, Mariella Devia used her clear, soubrette's voice with charm and brio; and Angelo Romero was a musical Marcello. Gianni De Angelis (Schaunard) and Silvano Pagliuca (Colline) admirably completed the quartet of Bohemians.

Worcester Cathedral

Three Choirs Festival

by NICHOLAS KENYON

Worcester is the host town this year for the 251st annual meeting of the Three Choirs of Worcester, Hereford and Gloucester. The west end of the Cathedral is banked up with row upon row of seating to accommodate the serried ranks of local choirs and choruses. The audiences, as dutifully open-minded as ever to the bold mixture of ancient and modern which this festival has traditionally provided, throng the town—which celebrates the event with bunting on the roundabouts, a flurry of art exhibitions in every spare space, and *The Sound of Music* at the Odeon.

But the time-honoured affirmations are muted. There is little triumphalism in this year's Three Choirs programme: no *Messiah*, no *Elijah*, no *Pomp and Circumstance*. The temper of the times is reflected in a mood of turn-of-century uncertainty. *The Dream of Gerontius*, with its still-potent mixture of doubt and faltering faith, seems to have become the Festival's central work (it opened this event on Saturday, and will begin the 1979 Festival in Hereford); the Faustian mystery of Mahler's Eighth Symphony will end the Festival tomorrow evening, and in between there will have been the predominantly pagan splendours of *Belshazzar's Feast* and Janacek's *Glagolithic Mass*. Most revealingly, the one liturgical work written for the Festival is a motet by Roger Hemingway, setting Matthew Arnold's profoundly disbelieving sentiments: "The sea of faith was once, too, at the full . . . but now I only hear its melancholy, long, withdrawing roar. . . ."

Several of the Festival's themes came together in Tuesday evening's marathon concert of music by Schubert, Lennox Berkeley, Messiaen and Anthony Payne. New British choral music with a religious, though not liturgical, intent was represented by Anthony Payne's striking pair of mini-cantatas for Ascensiontide and Whitsuntide (sequels to his uncommonly effective *Little Passiontide Cantata*). Spurning conventional texts, he turned to the famous Anglo-Saxon poem which may be by Cynewulf for his Ascension narrative, and to Emily Brontë's *The Prisoner* for a Whitsun meditation. Each was set for four-part chorus with occasional semi-chorus — unaccompanied, though on this occasion the performances were helped by an intelligent and discreet prompting from the organ.

Payne's music in both these works is angular, jerky; very well paced, but in need of powerful direction if it is not to seem discontinuous. I thought the verse-refrain structure of Brontë's poem, with its recurrent "Veni Creator spiritus" (developed with beautiful subtlety) worked better than the straightforward narrative of the Anglo-Saxon—in a slow performance, which failed to cohere. In the Brontë, too, the balance of melismatic, homophonic and fragmentary contrapuntal writing was tellingly contrived: its one climactic passage was far more effective than the diffuse highlights of the Ascensiontide piece.

That the boys of the Cathedral choirs could go straight on to give an ecstatic account of Messiaen's glorious *Trois Petites Liturgies de la Presence Divine* which was in many ways the best performance of the evining is a tribute to their stamina, and to the ability of the Festival Conductor, Donald Hunt, to draw the very best from his forces. The rhythmic impetus of Messiaen's naive refrain "Il est parti le Bien-Aimé" was irresistible, and apart from one brief hiatus, the third section made its rhapsodically sensual effect very powerfully. Two hours and fifty minutes from the start, the audience was understandably a little restless; this concert would have worked well without Hunt's new edition of Schubert's charming but scarcely significant B flat Mass—a pretty teenage concoction with some fine lyricism in the Kyrie and Credo weighed down by a very conventional Sanctus and Benedictus. Lennox Berkeley's *Antiphon* for string orchestra could have started the concert; this 1973 Cheltenham commission has worn well, though its variations on a plainsong theme now seem less powerful than the splendid free fantasia which precedes them. The BBC Symphony Orchestra played with sympathetic warmth; they had overwhelmed the light Cathedral voices in the Schubert.

Wednesday brought a wholly English afternoon concert, well complemented by an Evensong which included Tippett's pungent *Magnificent and Nunc Dimittis*, and his lovely *Plebs Angelica*. Only Finzi's *Dies Natalis*, in which English pastoral is so curiously fused with the introverted mysticism of Traherne, provided a challenge to Tippett's strength: Neil Jenkins was in excellent voice. Vaughan Williams' Oboe Concerto, played by Richard Weigall, echoed atmospherically around the Cathedral, without making any great effect. Rubbra's choral suite *Inscape* began the concert with its four settings of Gerard Manley Hopkins, adding to the feast of religious poetry in the Festival and Britten's *Cantata Misericordium* ended it.

This uneasy combination of Stravinskian detachment (in its Latin text and ritualisation of the Good Samaritan story) with expressive compassion (in the singing of the Traveller Christopher Keyte) made for a milk-and-water centenary tribute to the Red Cross in 1963, and time has not improved it.

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Muffling the jobs debate

THE FUTURE of employment in this country is no longer a subject which can be left to experts, officials and academics. In one sense this shows a remarkable growth of public understanding. It is now generally appreciated that demand management, as practised up to the end of the 1960s, can no longer be used by this country in isolation to pull the economy up by its own bootstraps: *that option is not available in a small open economy.*

Protection

This understanding, however, has simply made people more worried about the prospect, and potentially more impatient with the existing order of things. The trade unions now show a more obsessive concern with job protection than with any other issue, and have put a campaign for shorter hours, with the aim of spreading the available work, at the top of their list of objectives—a demand which has so far been turned down flatly by the employers. On another tack a Cambridge group which has the ear of Mr. Anthony Wedgwood Benn is campaigning tirelessly to persuade the Government in effect to abolish the open economy, and revert to demand management behind trade barriers. *Yesterday the Public* Expenditure Committee added one more to the list of cures which might prove worse than the disease, in a call—or perhaps it is a forecast—that existing temporary measures of job creation should become permanent.

One trouble with this whole set of arguments is that we are still very far from understanding the underlying forces at work. A predominant fear at the moment is that technological development, which tends to raise labour productivity, will ensure that no foreseeable growth of demand will in fact contribute anything to employment. This is the rationale of the TUC's demands: increasing productivity is seen as offering little beyond increased leisure, which should be shared out. The record of dynamic economies such as *Japan, in which productivity* has for years risen at rates which are by British standards astronomical shows that this is logical nonsense: high technology under proper management should bring correspondingly high growth.

What is urgently needed if this debate is not to be left to a damaging struggle between fear and prejudice is more understanding; and in this context the Expenditure Committee is entirely right to have *demanded to know the* Treasury's thinking on this subject. The Chancellor, after wavering for a time, decided to keep the Treasury's medium-term work secret on the grounds that to release necessarily inaccurate and presumably alarming figures would do more harm than good.

This attitude of not-in-front-the-children is understandable, because medium-term forecasting—or rather, projection—is difficult and prone to error, as the Expenditure Committee understands. It is still entirely wrong-headed, however.

Alternatives

The danger of misunderstanding could be avoided by publishing a really adequate amount of information, in which the whole range of alternative assumptions and relationships was displayed. The admirable working papers which the Treasury has already published have not alarmed lay opinion, because lay opinion cannot understand them. At least, though, those involved in the technical debate would have some frame into which to fit their own ideas—and against which, incidentally, to measure what Ministers say. That is what open government is all about.

The projections may be gloomy—indeed, they are bound to be. The economy has performed badly, and if it goes on doing so, the outcome will be bad. In other senses it could be heartening, both in showing what might be achieved with a better performance, and in isolating those parts of the problem which are at root social, and may require what the American's call "targeted" measures, from the general malaise. Even a faltering light *is better than fighting in the* dark.

Progress on Namibia

IF ALL goes according to plans originated by five Western nations, including Britain, the United Nations Security Council will within the next few days authorise the formation of the biggest peacekeeping force in the UN's history with the single exception of that sent to the Congo in the early 1960s. The force, of some 7,500 men, backed up by civilian and police contingents of at least 1,500 people, will go to Namibia, where it will supervise the end of the 50 *year; certainly Mr. R. F. Botha,* and organise a handover to an elected majority government.

The plan for Namibia, conceived 18 months ago by the U.S., Britain, France, Canada and West Germany, is bold and imaginative. Its primary aim is to stop the guerrilla war being waged by Swapo, the main Namibian nationalist movement, against the South African controlled administration and some 20,000 South African troops, and thereafter to hold elections for a peaceful transfer to majority rule. That, if accomplished, would already be a major achievement.

Implications

But a peaceful settlement in Namibia, as the five Western powers are well aware, would be likely to have implications far beyond Namibia itself. It could, for example, ensure much more stable governments in *western and central Africa.* The Cubans are in Angola at least partly because of the unsettled Angola-Namibian border: their numbers might be reduced if the border is peaceful, while the main Angolan opposition movement, Unita, is likely to find less support from South Africa in those circumstances. A more stable Angola would also be in a much better position to maintain the promising recent agreements with its northerly neighbour Zaire, a development which could only help Zambia, which borders Angola, Zaire and Namibia.

Clearly, too, the western powers hope that a Namibian settlement could help promote a solution to the even more intractable Rhodesian problem. The hope—however faint—is that all the parties to the Rhodesian dispute will see that a western backed, UN-sponsored agreement can work in Namibia, and will thus have fewer qualms about a similar arrangement for Rhodesia itself.

But if the prizes are great, obstacles to their achievement remain. The South African Government has already declared that a force of 7,500 UN troops is too big; just as important, they have objected to the statement by Dr. Kurt Waldheim, the UN Secretary-General, that the deadline of December 31 this year for Namibian independence cannot be met—the UN plan, involving a ceasefire, the gradual reduction of South African troops to 1,500 within three months, elections and then the formulation of a constitution by a Constituent Assembly, envisages independence about the middle of next year.

It may be that these objections mirror divisions within the South African cabinet which have been evident in the past year certainly Mr. R. F. Botha, the Foreign Minister, who is now in New York, can be expected to put up a fight to have the UN force reduced and the interim period before independence shortened. But the western powers seem confident that, having come so far, South Africa will not now withdraw its support for the agreement.

The main difficulties may in fact arise when the UN comes to fund the operation, estimated to cost at least £150m, and when the UN soldiers and civilians arrive in Namibia itself. Despite their agreement on the plan, there is a depth of bitterness and mistrust between South Africa and Swapo which will be bound to make the UN's task, as it tries to supervise a ceasefire, the repeal of discriminatory legislation, the release of political prisoners, the return of political exiles and the election compaign itself, a very difficult and delicate one. But it is a measure of the achievement of the five western powers, and those, like the front line African states, who have backed them, that such a task can now be discussed as a practical proposition.

Britain's grand design for tomorrow's jets

By MICHAEL DONNE, Aerospace Correspondent

THE MAJOR decisions approved by the British Government yesterday will settle much of the future civil aircraft work-load of the British aerospace industry for the rest of this decade. They will cost upwards of £750m to implement, provide upwards of 17,000 jobs, and should ensure a place for Britain in most of the short-to-medium range airliner markets of the next 20 years or more.

The decisions are two-fold. First, British Aerospace is to be allowed to join Airbus Industrie, the European manufacturing group, to help develop the new A-310 200-seat twin-engined wide-body version of the A-300 Airbus, subject to approval from the French and West German Governments.

Second, Rolls-Royce can go ahead with the £250m full-scale development of the 535 version of the RB-211 engine, for use in the new Boeing 757 twin-engined airliner. British Airways will place an order for 19 of the aircraft worth over £400m. Together with an order from Eastern Air Lines of the U.S. for another 21 of the 757s with 535 engines, Boeing will have enough orders on hand to launch the 757 on to world markets—its second new airliner venture this year, following the launch of the bigger 767 twin-engined airliner earlier this summer.

The vital question still awaiting an answer on the British resumption of membership of Airbus Industrie is whether the French and West German Governments will accept the British attitude that while British Aerospace can join the club there can be no question of British Airways being ordered to buy the A-310 version of the Airbus. It is being made clear to the Continental members of Airbus Industrie that while British Airways must be allowed to fill its immediate needs with the Boeing 757, it is nevertheless ready to consider the possibility of an eventual purchase of the A-310, provided that the aircraft can be fitted with another version of the RB-211 engine, the Dash 22 model of about 40,000-lb thrust. At present, the A-310 is planned around the U.S. General Electric CF6-45 engine.

On the assumption that the French and West Germans would really prefer to have British Aerospace engaged in the A-310, rather than outside *it, the hope is that they will* accept the formula now proposed, and welcome British participation. From the British point of view, there is now no doubt that the Government itself firmly wants to see British Aerospace in the Airbus Industries group, and that it has ruled out any form of direct airframe collaboration with Boeing of the U.S. in the development of new short-to-medium range civil airliners, such as financing a share of the work programme on the 757 airframe.

Ashley Ashwood

Sir Kenneth Keith, (left) chairman of Rolls-Royce, with Mr. Tex Boullion, president of Boeing, in London yesterday with a model of the RB-211 535-powered Boeing 757. The twinjet airliner project has launching orders from British Airways and Eastern Airlines of the U.S.

But the UK Government is demonstrating its belief that while it sees British Aerospace's airframe activity wedded to Western Europe, it is prepared to allow its engine manufacturer to find its markets worldwide where it can, and to ensure that British Airways itself is also allowed the commercial freedom to buy what airliners it considers best for its task.

If the British Aerospace negotiations with the French and West Germans are successful, the intention is for the British manufacturer to have a 20 per cent stake in the A-310, probably building the wings, as it does already (under sub-contract) for the existing highly successful B-3 and B-4 versions of the Airbus.

Thus, there is every reason to hope that the British overtures will be acceptable to the French and West Germans.

At its peak, work in British Aerospace on the A-310 could involve about 7,000 workers, mainly in the Hatfield-Chester division where the wings for the existing B-2 and B-4 Airbus are already being built. But parts of the work may also be sub-contracted throughout the British Aerospace group.

So far as the other major decision is concerned — the full-scale go-ahead for development of the Rolls-Royce Dash 535 version of the RB-211 engine — the cost involved is likely to be in the region of £250m, and provide up to another 5,000 jobs directly at Rolls-Royce, and at least a similar number in various equipment and component subcontractors. This engine, whose power ranges between 32,000 lbs and 39,000 lbs thrust, is a derviative of the already highly successful RB-211 engine in its higher-thrust ratings of 42,000 lbs and upwards. It has been developed especially by Rolls-Royce to meet the requirements for a smaller generation of airliners than the wide-bodied 20-seat short-to-medium range Airbuses, which is why it is such a suitable candidate for the Boeing 757 aircraft.

Rolls-Royce and Boeing believe strongly that upwards of 1,000 airliners in the 757 category will be needed through the rest of this century, and that the engines in them alone could be *worth upwards of £1bn. While* the RB-211 Dash 535 is being offered by Boeing, and has been accepted by Eastern Air Lines and British Airways, the other big engine manufacturers, General Electric and Pratt and Whitney, also have engines in this broad class, and will be trying to sell them to other prospective airline customers of the 757.

One of the major questions now posed by these developments is what will happen to the other, smaller types of aircraft already proposed by Airbus Industrie beneath the A-310 in size—the so-called Joint European Transport (JET) programme for two airliners, the JET-1 seating 136 and the JET-2 seating about 160. While much discussion has been in progress this past summer on these two aircraft, there is much less pressure to launch them, despite the fact that it is recognised that there is likely to be a big demand for aircraft in these categories over the years ahead.

But competition will be extremely fierce. The JET-1 will be on a direct collision course with the existing Boeing 737 twin-engined short-range jet, of which over 600 have been sold already world-wide, and which is likely to continue in production for another decade at least. The JET-2, however, on which more interest has been focused, would, if launched, be on a direct collision course in *world markets with the new* Boeing 757, seating from 170 up to about 200 passengers. Thus, there would not seem to be much scope for the two JET projects, and it must be considered questionable whether Airbus Industrie, with or without British Aerospace participation, would choose to launch them, at least in their present

The British view on this issue has always been that the most urgent requirement has been to settle basic British membership of Airbus Industrie on the A-310, leaving the question of work on the smaller programmes to be settled later. This view still prevails.

This does not mean that one or another of the smaller JET ventures will not be built, but it does mean that they could now be substantially changed in character. British Aerospace itself is not in favour of the JET-1 and JET-2 designs as they now stand, and would really like to see a much improved design emerging in this smaller category of aircraft, beneath the A-310. Just what that design could or should be is still a matter for discussion, but it does seem that there is the longer-term possibility of eventually achieving one of British Aerospace's own dreams—a tripartite collaborative venture with Airbus Industrie and McDonnell Douglas of the U.S. to develop perhaps the latter company's ATMR, again using the RB-211 Dash 535 engine.

One of the reasons for this trend of thinking is that it would enable Rolls-Royce to get a more direct share of the proposed European aerospace manufacturing business than is currently likely. The existing JET proposals are based round the use of a French-American engine, the Snecma-General Electric CFM-56, which is a new power-plant of upwards of 22,000 lbs of thrust. Rolls-Royce does not have an engine in this category, and so could not get a share of either of the JET ventures even if it wished to do so.

Rolls-Royce sees its future firmly hitched to the U.S. airframe industry, and to Boeing, and wants to see its 535 engine offered around the world, not only in the 757 but also in the ATMR if possible. The UK Government has recognised this, and has deliberately left the question of what to do about the smaller JET ventures in Airbus Industrie to British Aerospace to settle, once it is back in the Airbus Industrie club. Its strategy is based on the belief that once back in the club, it might be possible to steer Airbus Industrie away from the JET ventures towards an airliner more closely akin to the ATMR, using the 535 engine and probably bringing in McDonnell Douglas also.

What is clear is that the British Government has accepted British Aerospace's basic dislike of the Boeing company's own original offer of a direct risk-sharing collaboration on the 757 airframe (the U.S. company had offered British Aerospace up to about 40 per cent of the 757 airframe work). While some members of the Government had been in favour of picking up that original Boeing offer, the political repercussions of joining Boeing and rejecting Western Europe have been regarded as outweighing any long-term benefits that might have accrued from direct risk-sharing work on the 757 airframe.

Boeing itself will still go ahead with the 757 with the Dash 535 engine, but will now get most of its airframe partners from a group of U.S. subcontractors

What now has to be determined is what McDonnell Douglas will do. It has already decided to abandon its twin-engined DC-X-200 airliner design in the 200-seat category, because of the competition offered in this market by both the A-310 version of the Airbus and the Boeing 767 design. But it cannot be expected to sit back and let Boeing get away with the 757 as well, and it is expected that McDonnell Douglas will announce very quickly a decision of its own to push ahead with the ATMR, also probably offering the RB-211-535 engine as one of the power-plants. It is possible that it will announce this at the forthcoming Farnborough air show, starting on Sunday. If it does so, the scene will be set for two titanic battles for future world airliner markets — between the Airbus - Industrie A-310 and the Boeing 767 in the 200-seater category, and between McDonnell Douglas with the ATMR and the Boeing 757 in the smaller category. Between them, these four aeroplanes are likely to dominate the world airliner scene for many years to come.

MEN AND MATTERS

Fresh look at tolerance

Britain, together with Denmark and Norway, apparently leads Europe in a curious field—that of tolerance towards Nazi-style activities. A recent survey found that just flashing a Fascist salute can be against the law in Italy, while in the Netherlands a publisher was blocked last year from publishing Hitler's Mein Kampf. One French mayor has just blocked the sale of the Nazi memorabilia which sell relatively well in London's Portobello Road, while it seems that some of the Nazi uniforms being sold in Paris were made in Britain with insignia from Hong Kong.

Changing the law in Britain is not apparently planned by the Conservative Party, but the Labour Party tells me that it is about to finalise a policy document which would lead to changes in the Race Relations Act.

The document was discussed at the last meeting of the party's National Executive Council but there was some disagreement on the exact procedure by which a local march could be banned if it might lead to "racial disharmony." It is now to be discussed at the next NEC meeting. This is only due on September 29 though the Labour Party assures me that it "will be brought forward if an election is declared."

Magic mountain

Rumours have been flying around at the European Forum in Alpbach, Austria, that Professor Ralf Dahrendorf, 49-year-old director of the London School of Economics, is to be invited to take over the rectorship of one of the Max Planck Institutes in his native Germany.

"It's a present from Denis Healey."

When the rumour hardened into print in a German magazine Professor Dahrendorf denied it with an off hand: "The trouble with 'Der Spiegel'," he said, "is that they always get things just half-right."

He maintains that as a member of the senate of the institute he would know if such an appointment were in the offing. It is not, he says, though he would not rule out a return to mainland Europe.

"It is true that I am at a sort of crossroads. I am immensely grateful to the British people for making me feel one of them — there are only two or three people who cannot seem to forget I am German. One of them is Margaret Thatcher, who cannot resist shaking me by the hand and asking 'And how are things in Germany?' The other is Enoch Powell . . .

"But there comes a time when you have to decide whether you want to be British or not and where you want to end your days. Wherever I might go it certainly would not be the U.S. — unless Europe suddenly goes fascist."

Printing money

Any mention of the Japanese is calculated to spread gloom and despondency in British business circles, so it is heartening to learn that we have for once managed to displace them —in Thailand.

"After all we sell sand to the Arabs," says Jeff Moss, 34, who has just been appointed general manager of the newly-formed Thai British Security Printers. From next April its new factory in Bangkok will be servicing four of Thailand's 16 banks with modern magnetic character recognition cheques, and also business forms. In the past the cheques have been imported from Japan.

The company is a joint venture of the Thai banks and BPC Business Forms, which prints about a third of cheques in this country. Moss reckons the other Thai banks are sure to follow suit — they sort cheques by hand at the moment —and he foresees similar projects in the Far and Middle East.

No funeral note

The future of the 60,000 white who have stayed on in post-independence Kenya now partially depends on the benevolence of Kenyatta's successor, but among leading Africans it seems that benevolence is not the mood of the moment.

A colleague who flew in yesterday from Nairobi tells me that the Africans are quietly fuming at the way that only a handful of white joined the hundreds of thousands who thronged to pay their last respects to Kenyatta's embalmed body. One white farmer told my colleague that he feared that joining the queues outside State House, Nairobi, would have been considered hypocritical. But others frankly admitted that they were daunted by the prospect.

Pressing on

Guessing how long the New York newspaper strike will last could win you $1,000 in a competition started by the City News, one of the three impromptu newspapers that have been filling the gap for New Yorkers. Though hopes are rising of progress towards a settlement, City News is hedging its bets, perhaps hoping that the big presses will not be rolling for a while yet. It has also been running a feature called Law for the Layman—and assuring readers that this "will appear every two weeks hereafter."

All in the mind

The GPO tells me that experiments with dog-repelling spray on postmen's trousers have been something of a curate's egg. "The stuff smells nasty," said a spokesman. "In some cases the postmen objected to the smell, and in some cases their wives did." The GPO is now analysing the results of the tests carried out in the south-west, and says its first impression is that the spray has a strong psychological effect. "If you're not afraid of them they don't bite." Experts are still trying to work out how to deal with dogs which attack postmen from inside front doors as they push letters through letterboxes. Presumably it is hard for dogs to tell whether the man at the end of the hand is afraid or not.

Observer

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If China has won two friends in the Balkans it has lost its erstwhile bastion on the Adriatic, tiny Albania

China's second front in Europe

BY PAUL LENDVAI

CHAIRMAN HUA KUO-FENG'S trip to Romania, Yugoslavia, and Iran, coming after a string of diplomatic successes in Asia, has raised the spectre for Moscow of a global strategy of encirclement with hostile forces on both of its flanks. The recent statement issued by the Politbureau, the Soviet Union's supreme policymaking body, timed to coincide with the Chinese leader's concluding round of talks with Marshal Tito of Yugoslavia, said that China was "a serious threat" to peace and that it was involved in expansionist activities. China's emergence as a major new factor in Balkan politics has clearly aroused Soviet concern about a possible adverse shift of the strategic and political balance.

The 18-day-long Chinese visit to the two independent-minded Communist countries has brought a new element of tension to one of the most volatile regions in the world. A Soviet diplomat told me in Belgrade: "Look at Hua. He keeps visiting either our neighbours such as Romania and Iran, or countries of great strategic importance to us, such as North Korea and Yugoslavia. Do not take our warnings too lightly. The Chinese are fuelling international tensions. Those who encourage them in Bucharest or Brioni are playing with fire. . . ."

A West German observer went so far as to regard Hua's trip as the single greatest defeat suffered by the Kremlin since the lifting of the Berlin blockade in 1949. The fact that Hua was welcomed by enthusiastic, and genuinely friendly Romanians and Yugoslavs and that international attention was focused on the Chinese mission symbolised the failure of the diplomatic and political strategy intended to isolate China that the Soviet leadership has followed for many years. Ever since Yugoslavia in 1948 directed its deadly blow at the dogma that Communism implied unconditional support for the Soviet Union, the Balkans have become the centre of a search for external independence and internal autonomy. Without Yugoslavia there would have been neither a Hungarian uprising or a Polish October in 1956, nor the Prague Spring of 1968. The breaking away of Albania from the bloc in 1961 and the gradual emancipation of Romania from absolute Soviet control, both intimately connected with the Sino-Soviet conflict, were significant steps on the way towards the fragmentation of Moscow's postwar empire.

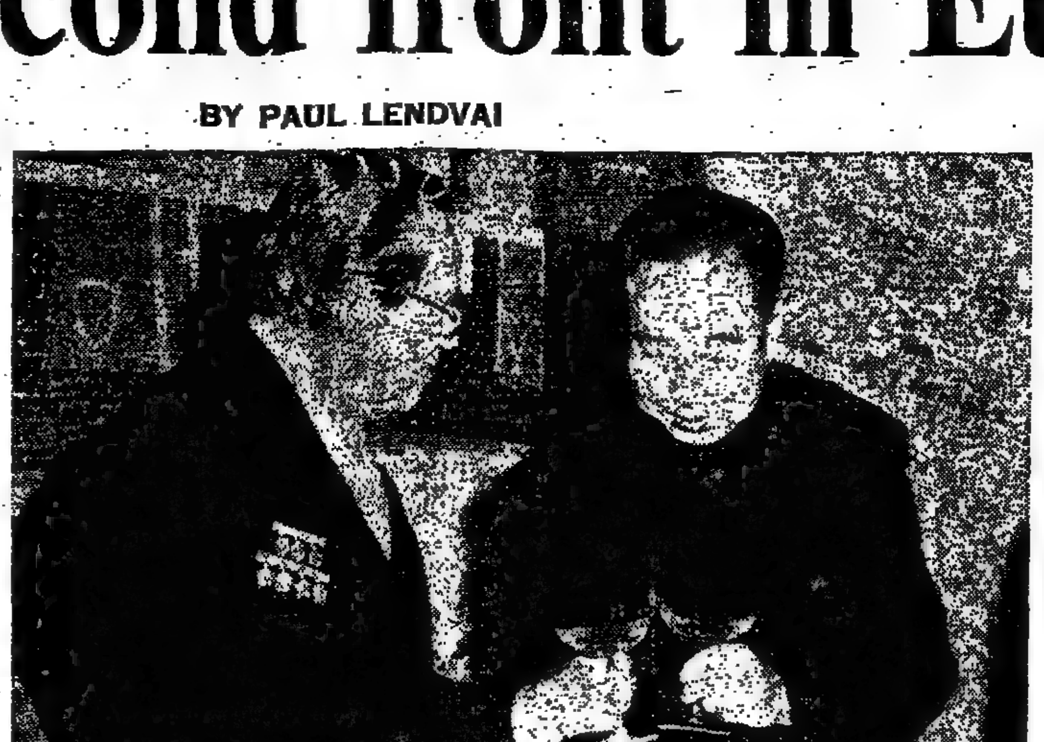
Strange as it may seem today, it was the seemingly abstract controversy whether Yugoslavia was a Socialist country at all that served as the fuse exploding accumulated resentments between Peking and Moscow in the early 1960s. "A dwarf kneeling in the mud and trying with all its might to spit at a giant standing on a lofty mountain"—that is how the Peking People's Daily spoke of Titoism in those days.

It is against this background that the long-term significance of the ideological-political rapprochement between Belgrade and Peking can be grasped. It was made possible by the pragmatic course on which the Chinese leaders have embarked. Hua in his first public statement in Belgrade showered praise on Yugoslavia as "a heroic country" where "the League of Communists, on the basis of Marxist scientific theory . . . has built up a system of socialist self-management."

The acceptance of a pluralism of ideas and policies coupled with a dialogue based on the full independence and equality of each partner may open a new page not only in interparty relations, but also in the turbulent history of the international Communist movement. Some well-informed Yugoslav sources claim that both Marshal Tito and Mr. Stane Dolanc, the secretary of the Yugoslav Party, in the talks dealt also with Eurocommunism, explaining to their Chinese listeners the implications of the new line of the Italian, French, and Spanish Communist Parties. The many hours of informal and intimate talks therefore may well contribute to a kind of "bridge-building" between some Eurocommunists and the new Chinese leadership.

Both before and after the Chinese visit, Mr. Ceausescu reaffirmed his party's determination to cultivate good relations with all Communist countries. The Romanian leader is an experienced realist, keenly aware of his 1,500 mile long common border with the Soviet Union, Hungary and Bulgaria as well as a virtually indefensible 150 mile coastline on the Black Sea.

Romania's only hope lies in deft manoeuvring and in avoiding provocations that may appear great enough to bring retaliation from its powerful neighbour. The Chinese visit — both welcome and feared — has given the Romanian leadership a good deal to worry about. Chairman Hua fired his opening salvo on the first evening: "In Asia and Africa, Latin America and Europe, imperialism and hegemonism are spreading out their hands to infiltrate, undermine, and commit aggression and expansion."



A toast the Russians did not like: Tito (left) and Hua clink glasses in Belgrade.

The Russians were furious. Tass, the official Soviet news agency bluntly announced that the term "hegemonism" was in fact a code-word for "anti-Soviet slanders."

The Romanians had to tone down the coverage of the official visit, and concluded the official talks 48 hours after Mr. Hua's arrival, though he stayed on for three more days. Nevertheless the second such highly publicised encounter between President Ceausescu and Hua within three months—they had also met in Peking in May—is bound to be regarded as a disquieting development by Soviet strategists.

Meanwhile if China has won two friends in the Balkans it has lost its erstwhile bastion on the Adriatic, tiny Albania. Nothing could better illustrate the baffling changes in alignments than Albania's public break with Ch which in 1961 replaced the viets as the main protector of 2.5m "Sons of the Eagles."

Not only ideological considerations but also the ever-present fear of the Yugoslav neighbour has turned the poorest and smallest but strategically important Balkan country against China, which in turn stopped all aid to Albania.

As long as Mr Enver Hoxha, the 70-year-old party leader is alive, no complete reconciliation with Moscow is possible. But the Albanians have so often surprised their friends and foes, that a limited normalisation of inter-government relations can no longer be excluded. Albania, however, is unlikely to rejoin the Warsaw pact.

On the eve of Hua's visit to the Balkans, Mr. Todor Zhivkov, the Bulgarian leader, and Mr. Leonid Brezhnev issued in the Crimea a joint warning that the peoples of the Balkan countries would not allow their region to become a playground for forces hostile to detente and peace. Hua and his Yugoslav hosts ignored the warning. The Chinese leader spent a much publicised day in Skopje, capital of Macedonia. His visit was widely regarded as a demonstration of support for the Yugoslav side in the old dispute with Bulgaria about Macedonia.

An authoritative statement issued by BTA, the official Bulgarian news agency, attacked Hua for sowing dissension and mistrust and trying to drive a wedge between the Balkan states and to destroy the atmosphere of good neighbourliness.

The Balkans are full of other complex minority and territorial problems. Disputed Bessarabia puts Romania and the Soviet Union at odds, Transylvania is at issue between Hungary and Romania, Kosovo between Yugoslavia and Albania. At the very least, the repercussions from the Chinese intrusion are likely to put paid to what is left of hopes for regional co-operation in the wider Balkan region.

Yugoslavia is of pivotal strategic importance both to west and east. Moscow's ultimate aim is to bring Yugoslavia in one form or another back into the Soviet sphere. That would provide the Soviets with permanent bases along the Adriatic and with air routes to the Middle East and Africa. It was Mr. Brezhnev himself who less than two years ago renewed the request for the use of Yugoslav ports and airspace in his talks with President Tito, convincing the Yugoslavs that basic Soviet objectives have remained the same. Soviet officials in their turn are angry and concerned about a potential widening cooperation between China on the one hand and Romania and Yugoslavia on the other.

These irritations must be seen in the general context of Soviet perception of the relative increase of Chinese power. The latest statement issued by the Politbureau explicitly said that China was trying to "gain access to Nato's military arsenals." Reports from Belgrade that Hua had told his Yugoslav host that he wa planning trips later this year t France, West Germany an possibly other countries ca only strengthen Soviet fear that China may soon acquir Western military equipment an advanced technology.

A Soviet official complaine privately in Belgrade: "Wh should we supply the Yugoslav with heavy weapons if the are willing to strengthen, i whatever form, a potentia aggressor?"

What is particularly worrying to Moscow is the growing Chinese rivalry for influence on the non-aligned countries of Africa, Asia and Latin America. Here the Chinese came out publicly in favour of what Hua called "Yugoslavia's struggle to safeguard the unity and to preserve the fundamental orientation of the non-aligned movement." It was not accidental that this statement was particularly stressed in the Yugoslav newspapers. China and Yugoslavia are united in their opposition to Cuban-Soviet activities in Africa.

The high sounding statements about economic co-operation with China are unlikely to yield major or tangible benefits in the foreseeable future. But the Soviet propaganda counter-offensive, already followed by such relatively moderate regimes, as those in Hungary and Poland, indicates the existence of genuine concern in the Kremlin about the intrinsically anti-Soviet implications of Hua's unusually long tour. In a political sense, the Chinese leader may well have opened a "second front" in south-east Europe with consequences that are likely to affect Sino-Soviet rivalry world wide.

Letters to the Editor

Price of aluminium

From the Chairman, Garfield Lewis Ltd.

Sir,—I cannot allow the article on metals (August 25) to pass without some comment on what you say about the aluminium futures market. No matter through what intermediate stages the metal might pass it is used only in the form of semis forgings and castings by the final consumer who has over the past two years seen such unstable pricing conditions that I believe it to be no exaggeration to say that aluminium has fluctuated more than copper.

Were your graph to record the movement of the effective, as opposed to the official, aluminium sheet price which is the largest single form in which aluminium is used, then it would show a very different picture. Surely the main function of a futures market is to hedge against fluctuations—it removes speculation for the consumers and stockholders and it could alleviate the worst excesses of fluctuating prices for the producers if they were to abandon their opposition and co-operate with the LME. The fact that certain speculators will be attracted is surely irrelevant since the successful ones will tend to stabilise prices whereas the unsuccessful ones will not be able to be a long-term influence.

In any case the really large tonnages will be dealt in only by those with physical positions to defend, such as my own company. I appreciate that virgin metal can never be a perfect hedge against fluctuations in semis but it can remove a certain amount of the risk and with the willing co-operation of the producers could do so to an even greater extent.

I find that we can stock copper with comparative immunity precisely because we can hedge the risks. It is in aluminium semis that we are suffering the greatest fluctuations. This has caused us to shorten our order book to such an extent that we are living on a month to month basis instead of committing ourselves a year ahead as we were wont to do some time ago. With other stockholders and consumers doing the same no wonder the producers are submitting such erratic results. I wonder how many of them have sat down with their customers and consulted them before deciding to oppose the quotation?

L. A. Garfield.
PO Box 21, Banbury, Oxon.

Unpopularity of Gatwick

From Mr. F. E. Ripley

Sir,—Your letter "Gatwick is less frustrating" (August 29), surely highlights completely selfish thinking and reasoning to support the move to Gatwick of the schedule airline services to Spain, Majorca and Portugal by British Airways, Iberia and TAP from Heathrow.

Unfortunately for the passengers who happen to reside to the north, the west, and even in South Wales, Devon and Cornwall and use these schedule services because there are no others available to them this view is endorsed by the authorities concerned who have offered no alternative service except an added journey of misery across London which will defer at least 10 per cent and possibly 20 per cent of the present passenger formation from making the trip to the sun at all. This is what Iberia mean when they say they will lose business, and I have not found the Spanish very illogical in their economics.

It takes, for instance, at least four hours to get to Gatwick from Bristol by road and sometimes five as against 1½ hours to Heathrow both using the M4 and at least the same time by rail (four hours). I would suggest that if there is any doubt, that Mr. Scott samples the journey back from Gatwick (arriving usually about 9.00 pm) to Bristol either by road or rail, with a couple of children to improve things.

He would then realise how disastrous and unfair this move will be to thousands of people situated in the above mentioned areas as I would confidently say that there is no airport in the country so inaccessible to 70 to 75 per cent of the population as Gatwick. It is a dream travel point for people in S. E. England but a nightmare journey for the rest of us—north, south and west, obviously for the reason that London and outer London are in the way of direct access on three sides.

The overcrowding of Heathrow only highlights the necessity for a new airport well west of London which will obviously solve the problem and is commonsense to everyone who allows themselves to think freely and sensibly. London and for that matter Gatwick has to give up its stranglehold on the new development or extended development of airports in the rest of the country to enable people to travel less when they wish to use schedule air services.

F. E. Ripley.
Casa Mia,
Bramble Lane,
Stoke Bishop, Bristol.

Safety of canned food

From The Director, The British Food Manufacturing Industries Research Association.

Sir,—Some years ago the Leatherhead Food Research Association recognised the challenge of the rapid demonstration of food quality posed by Mr. Entwistle (August 29). Most conventional microbiological tests require several days before the answer can be obtained, but now, as a result of a large scientific input, we have answers in a matter of four hours, a time which we hope to be able to reduce to an hour or less. Unfortunately these techniques will not deal with the problem of botulinum toxin in a single can of salmon which caused the Birmingham tragedy, for two reasons:

(1) We require to detect the toxin (which is deadly) not the organism (which itself is not harmful). Although we can identify nanogram (10^{-9}g) quantities of many materials present in food, botulinum toxin is present in even smaller amounts and at present defies instrumental techniques.

(2) The absolute assurance that every single can is safe poses an enormous statistical problem and requires that every can is tested so that there would be no food available for sale.

The safety of food depends above all else on the high standards of the food industry operating against a scientific and technical background which provides the knowledge and control techniques needed to ensure that safety. These provide that canned foods are processed sufficiently to ensure a less than 1 in 10^{12} probability of *Cl. botulinum* spores surviving and, therefore, less than one can in a million million (10^{12}) cans presenting a potential risk. We have not yet found that the case in the Birmingham incident arose from a damaged can.

Most food poisoning problems which do arise are created not by the food manufacturer, but in the home or in catering establishments, problems which can be solved by the application of an elementary knowledge of food hygiene. This would provide much greater benefit than the development of the sophisticated instrument suggested by Mr. Entwistle.

A. W. Holmes.
Randalls Road,
Leatherhead, Surrey.

Profit motive

From Mr. A. I. Ferguson

Sir,—Years of socialism by governments of both hues have severely dented the profit motive and diluted individual interest in enterprise.

The profit motive ought to be a help in providing individual incentive and a means of earning more for extra hard work. Everything these days conditions one towards the rate for the job regardless of ability and even top people have a tragically small net differential for all the added burdens and responsibilities that come their way.

Europe and America were built on enterprise and profit and have only lost their economic way when these very basic principles have been forsaken. Today it scarcely seems to matter whether you are a worker or a manager, whether you are in work or out of work, the consequences and differences are not all that great. In no period of human history have policies of social expediency brought economic success or happiness and they certainly won't do so today.

A. I. Ferguson.
4, Burns Court,
Marine Parade,
Dawlish.

Allied takeover

From Mr. G. S. D. Wolf.

Sir,—Mr. Robert Aries' letter (August 30) surprised me. My impression from the media has been that the objection to Allied's takeover of Lyons lies primarily with an inability of Allied to profit from the merger. If Allied have not management expertise to put into Lyons what is the point of taking them over? Were I a shareholder in Allied I should wish to be assured that Allied have the capacity to make use of such an acquisition.

G. S. D. Wolf.
12, Conway Close,
Stanmore, Middx.

Employment policy

From Sir Keith Joseph, M.P.

Sir, — I write to draw your attention to your differential treatment of my Bow Group speech on "Conditions for Fuller Employment" and Michael Foot's stereotyped reaction (August 25 and August 26 respectively). A report on what you called my "major economic policy speech" was tucked low down on the back page. By contrast, Michael Foot's reaction was highlighted in a box on the front page, though I had replied in advance in my speech to anticipated remarks of the sort he made.

I had noted that Mr. Foot and his colleagues, including Sir Harold Wilson, made very much the same accusations — a vast increase in unemployment if my ideas were followed — when I first argued at Preston against their uncritical acceptance of pseudo-Keynesian inflationary deficit financing as a means of maintaining full employment.

Sir Harold Wilson and Mr. Callaghan subsequently recanted. "Inflation is the father and mother of unemployment," said Sir Harold. Partly because of their change of heart and partly at IMF insistence, the government in which Mr. Foot is a leading member implemented the monetarist elements — but only the monetarist elements — of the prescription contained in my Preston speech, which was so savagely denounced when it was made.

Because they ignored the other elements, emphasised again by me in "Monetarism is Not Enough" — lower Government spending, lower personal taxation, less legislation and controls — unemployment levels are far higher than any we experienced or which Mr. Foot and his colleagues ever contemplated.

They have carried out the policies which they assured the country would solve unemployment and, yet, look at the unemployment results. Indeed, when one considers the passion with which Mr. Foot, as a backbencher, attacked the 1966-70 Wilson Government for unemployment levels of only a fraction of today's, one can only wonder why Mr. Foot is given such an easy ride.

That is not all. The substance of my argument has been that excessive Government spending, including make-work subsidies, far from curing unemployment, actually destroys jobs and weakens the economy. Only buoyant profitable enterprise can sustain and extend employment levels. Mr. Foot evidently still has no grasp of either the analysis or the argument. If he believes present policies are better, then how does he explain both the present figures and the forecast trends?

I have published the full text of my speech so that readers can follow my argument in detail. They will then be able to compare them with Mr. Foot's stale rhetoric. I repeat the charge made in my speech that Mr. Foot and his colleagues are intellectually bankrupt on employment policy.

Keith Joseph,
House of Commons,
Westminster, London SW1.

Concorde losses

From Mr. B. A. Cole.

Sir,—Mary Littledale (August 29) is unfair to British Airways in suggesting that they have indulged in a "cover-up" by showing operating losses on Concorde before charging interest on its capital cost. It is unfortunately still all too common in industry to confuse the source and the application of funds, but good modern practice distinguishes them sharply.

As with any industrial corporation, British Airways should earn a return on the assets it employs. That return should cover the interest cost of borrowed capital and provide a reasonable reward for providers of equity. The return is therefore correctly calculated without deducting interest costs.

To do otherwise is to assume that equity capital is free—a very dangerous assumption!

B. A. Cole.
Drake Wood,
Devonshire Avenue,
Amersham,
Bucks.

Today's Events

GENERAL

Mrs. Margaret Thatcher, Conservative Party Leader, tours Roxburgh, Selkirk and Peebles, seat of Mr. David Steel, Leader of the Liberal Party.

Cutlery industry delegation expected to meet Mr. Roy Hattersley, Prices Secretary, to seek Government action for all cutlery in this country to have mark of origin to overcome import threat.

British Airways receives delivery in Britain of Boeing 747 Jumbo jet, its first aircraft leased under new programme launched by the Japan Leasing Corporation.

Marks and Spencer new credit scheme for customers comes into operation at six stores in the south east through Citibank Trust.

Conservative Party launches cinema advertising campaign.

President Carter may continue discussions on natural gas Bill with group of Governors and representatives of farm groups and major energy users.

Peruvian military Government ultimatum to metal miners to end strike today.

Final day of visit to Madrid by Mr. Ould Mohammed, Mauritanian Foreign Minister.

Continuation of conference of 16 tea producing and exporting countries, Colombo.

OFFICIAL STATISTICS

Central Statistical Office publication of United Kingdom Balance of Payments 1967-77 (Pink Book).

COMPANY RESULTS

Final dividends: Amalgamated Tin Mines of Nigeria (Holdings). Leigh Mills. Parker Timber Group. Interim dividends: I. and J. Hyman. George Spencer.

COMPANY MEETINGS

Pilkington Brothers, Prescot Road, St. Helens, 2.30. Plessey Company, Millbank Tower, Millbank, S.W.1, 12.

SPORT

Golf: British seniors' championship (amateur), Formby. Swimming: National diving championships, Crystal Palace. Equestrian: Burghley horse trials. Basketball: Commonwealth championships, Coventry. Racing: Sandown, Thirsk and Yarmouth.

CITY ENTERTAINMENT

Omphalos Street Theatre Company gives lunchtime performance in open-air courtyard of W. H. Smith building, 10, New Fetter Lane, EC4 (1 pm-1.30 pm).

Organ recital by Robert Crowley, St. Paul's Cathedral, 12.20 pm.

COMPANY NEWS + COMMENT

Mills & Allen expands 89% to near £5m

Profits for the year ended June 30, 1978, of Mills and Allen International rose 89 per cent to £4.98m and the directors are recommending a dividend of 5p per 50p share against a forecast 2p.

The forecast was made at the time of the reorganisation last December of the former J. H. Vavasseur group. The directors now intend to make two dividend payments, an interim and a final for each year and are forecasting an interim of 2.5p for 1978-79.

The directors point out that since dividends have not previously been paid, the group is not subject to dividend restraint for the current year.

Comparative figures for 1976-77 have been restated to reflect the acquisition of the outstanding ordinary shares in the Mills and Allen Group.

The rise in pre-tax profits is attributable to a 35 per cent increase in trading profit and a marked reduction in interest charges, from £1.58m to £721,000, resulting from the repayment of borrowings. Attributable profits are up 91 per cent from £1.69m to £3.23m.

Earnings per share are shown at 37.3p against 23.9p and 38.5p (19.7p) after extraordinary items.

	Year 1977-78 £000	1976-77 £000
Turnover	28,910	21,444
Operating profit	5,340	3,785
Associates profits	356	427
Interest payable	721	[illegible]
Profit before tax	4,975	2,628
Tax*	1,763	517
Net profit	3,212	2,111
Extraord. credit	96	†340
Minorities interests	76	52
Attributable	3,234	1,688
Dividends	455	—
Retained	2,779	1,689

* Reflects benefits of losses brought forward and includes £535,000 (£635,000) overseas tax. † Debit.

Extraordinary items include reorganisation costs amounting to £255,000; realised profits on the disposal of fixed assets amounting to £110,000 and reduction in provisions for unrealised losses relating to the banking subsidiary, trading and investment properties, fixed assets, companies in liquidation and investments of £211,000 (£298,000 increase).

As part of the reorganisation the majority of the group's banking arrangements were revised from an on demand to a term loan basis. The balance sheet has been further strengthened during the period with net indebtedness reduced from £9.4m at June, 1977 to £4.9m at June 30, 1978.

During this period property sales totalling £2m were completed and the remaining properties to be sold have a total value based on current market prices of some £0.9m.

With effect from July 1, 1977 advertising structures are now depreciated over six years and the 1978 results include additional depreciation of about £200,000.

The business of the group is now money broking, outdoor and cinema advertising, printing and film studio management.

● comment

Mills and Allen has ended the year in fine style, with pre-tax profits showing an 89 per cent jump. More than a third of the gain is due to sales of property, which has helped reduce borrowings and more than halve the interest charge. The underlying trading position has been buoyant in all divisions except cinema advertising, which has suffered from increased competition, especially overseas. Outdoor advertising is becoming more popular as an alternative publicity media and this division's sales were nearly a third higher, with trading profits up by more than 50 per cent to £2.6m. The other big contributor, foreign exchange dealings, also did well with UK profits 25 per cent higher although there was a small setback for the New York and Singapore operations. In the current year interest charges will be further reduced as a result of more property sales. Increased consumer expenditure will further boost outdoor advertising while foreign exchange dealings will continue to benefit from movements in currency values. At 175p, the shares (fully taxed) are on a p/e of 6.2 before extraordinary items, or 4.6 on the actual tax charge. The rating is overshadowed by the pending Monopolies Commission's investigation into outdoor advertising.

HIGHLIGHTS

LADBROKES interim profits are nearly £3m higher with little growth from casinos and for the full year profits of £31m are forecast. **Matthews Wrightson** has turned in half time profits 40 per cent higher but the uncertainty caused by the renegotiation of the Norwegian shipping charter has not been removed in the interim statement. Shareholders in John Laing will this morning receive a document outlining the capital reorganisation and Lex takes a look at the figures involved. Meanwhile on the issue front both Initial Services (£7.58m) and Dorada (£0.85m) are raising finance by way of rights. Interim growth at **BBA** reflects recovery overseas particularly in Germany while for the same period **Mixconcrete** has performed better than expected. Property sales have boosted **Mills and Allen** but **Linfood** continues to feel *the effects of the price war.*

Scottish Agricultural off £0.9m

WITH TURNOVER up from £34.2m to £35.6m profit of Scottish Agricultural Industries, which is 62.4 per cent owned by ICI, fell from £2m to £1.1m in the first half of 1978. The result is subject to tax of £0.6m against £1m.

Directors say adverse market conditions which had affected the animal feed business in the second half of 1977 persisted and fertiliser *sales volume was lower, mainly in* exports. It is believed that some of this shortfall will be offset in the second half.

The interim dividend is held at 5p net per £1 share. Last year a 7p final was paid on total pre-tax profits of £5.03m.

Freddie Mansfield

Sir Maurice Laing, present chairman of John Laing and Sons, who will head the company running the construction homes and construction materials businesses under the ***proposed reconstruction scheme for the group. Details, page 24.***

Pick up in Germany boosts BBA first half

LARGELY ATTRIBUTABLE to an improvement in its German operations, pre-tax profits of BBA Group rose some 19 per cent from £3.12m to £3.71m for the first half of 1978, on turnover up 14.6 per cent to £60.2m.

The directors are confident that the profit for the full year will be substantially higher than the previous year's £7m.

Exports at the half-year were higher at £6.86m (£6.34m), while group sales and profits were split respectively as to: UK, £28.08m (£23.46m) and £2.13m (£2.15m) and overseas, £32.13m (£29.08m) and £1.58m (£0.98m). Automotive activities accounted for 73 per cent of turnover and 81 per cent of profits.

Attributable profits advanced from £2.06m to £2.34m, after tax of £1.35m (£1.08m) and minorities. Earnings per 25p share are 5.13p (4.33p).

The interim dividend is stepped up from 0.7979p to 0.8777p net, absorbing £400,000 (£360,000)—a third interim of 0.0242p is also *payable in respect of 1977, making* last year's total 2.4076p.

At June 30, 1978, fixed assets stood at £28.87m (£27.05m at December 31, 1977) and net current assets were ahead from £15.14m to £17.17m.

● comment

BBA's profits rise of nearly one-fifth is entirely due to a 39 per cent *increase in the overseas* contribution. This largely reflects the recovery of the West German subsidiary Textar, which has recaptured a major motor company customer. In that client's absence other outlets were built up and the bigger throughput has pushed overseas margins up by one and a half points. But BBA is still not firing on all cylinders. The U.S. company Scandura has again suffered from coal disputes and showed only a modest increase in profits. It is the UK performance, however, which appears the most disappointing: although sales are 20 per cent ahead, profits have only marked time. The company blames extra costs incurred in meeting delivery dates to the Coal Board as well as expenses involved in getting supplies moving in advance of a new plant opening. Both these problems have hit margins but should largely disappear in the second half. The company looks in gear for profits of £8m which puts the shares at 61p on a prospective p/e of 3.5 (last year's tax charge) and a yield of 6.6 per cent.

Linfood turns in £5.16m

AS FORECAST in April, pre-tax profits of **Linfood Holdings** for *the year to April 29, 1978, have* exceeded £5m; the figure turning in at £5.16m compared with £5.81m for the previous 53 weeks.

Earnings per 25p share are given at 24.8p (28p) and, as projected at the time of the merger of the company with Wheatsheaf Distribution and Trading, the dividend total is effectively lifted from 8.495p to 9.3868p with a second interim payment of 6.3868p net.

Turnover for the 52 weeks rose to £327.4m (£293.9m). Again there was no tax charge.

The directors say that after taking into account the pre-trading costs of the hypermarket at Bristol, opened in May, and losses in the Spanish subsidiaries, an overall loss was incurred in Wheatsheaf to the end of May, the date of acquisition.

Unaudited management accounts show that since the end of May the Wheatsheaf group is trading profitably. The performance at Bristol is particularly encouraging.

Trading conditions have continued to be difficult and the effects of the price war initiated in 1977 are still making themselves felt in pressure on margins, they add.

● comment

Linfood's 11 per cent sales rise for the year probably includes a volume gain of a few points but the food price war has continued to squeeze margins and profits are just over a tenth lower. This was very much in line with the market expectations, however, and the *shares closed 2p lower at 158p.* The retail side (more than 40 per cent of group sales) has held up reasonably well compared with others in the food sector. This is because Spar, Gateway and Dee's neighbourhood locations are not under the same pressure as the High Street supermarket chains. But it is Linfood's wholesale activities which are being strained *most. Here, prices have been held* down in order to retain market share and allow Linfood's major customers, the independent retailers, to compete. Overall, trading conditions will continue to be difficult as long as the price war lasts but the company is hopeful that margins have reached their low point. Wheatsheaf could lift the group's sales to £800m this *year, so its performance will be* crucial. The shares sell on a p/e of 6.2 while the yield is a solid 9.2 per cent.

Crouch advances to £0.45m

FOLLOWING A £14,200 first-half decline to £259,200, Crouch Group recovered in the second half to *lift taxable profit for the March* 31, 1978, year from £406,000 to £449,000.

Last year's profit was after a £234,000 exceptional loss, and in both years the interest charge was £71,000.

Turnover for the year rose from £9.97m to £10.48m.

Tax is provided at 52 per cent and takes £224,000 (£179,000), but *directors say that mainly owing* to relief on stock appreciation there will be no ACT payment, although provision has been made for the deferred liability.

Earnings per 25p share are shown at 5.63p against 5.68 last time, and the final dividend is up from 1.82875p to 2.0675p net for a total of 2.975p (2.7225p). Dividends will absorb £119,000 (£71,000 *after waivers of £29,000).*

● comment

Crouch Group has a patchy profit record, and is hardly renowned for its efficiency. Yet the new management led by Mr. R. Clempson, whose company Teape White Property took a 22.5 per cent stake in the group towards the end of the last financial year, are already promising substantially more profits in the current year. The shares at 69p do not take full account of these prospects and net assets of 122.6p (including 19p arising from a surplus on a professional revaluation of the group's investment property). But there is certainly nothing in the last financial year to indicate a sharp upward re-rating. Adding back the exceptional item in the previous year trading profits are in fact down from £711,000 to £520,000. The revival in private housebuilding activity has not worked its way through to the group's performance in the last financial year. Cost inflation ran *at a faster rate than the price of* Crouch homes which showed an *average increase of* under 5 per cent. There is little in the way of a land bank although this is now being built up. It probably has an 18-month life. Replacement land is expensive and the group's borrowings have trebled to £1.7m over the year. The shares stand on a p/e of nearly 12 and yield 6.6 per cent covered nearly twice. The Teape stake is the prop for the price.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
BBA Group ......int.	0.88	Jan. 8	0.8	—	‡2.41
Bowstead ......int.	8.7	—	0.7	—	1.5
Bridgewater Ests. ......int.	4.5	Oct. 13	4.5	—	13
Church & Co. ......int.	1	Oct. 20	0.7	—	3.37
Crouch Group	2.07	Oct. 18	1.83	2.98	2.72
KCA Intl. ......int.	nil	—	0.1	—	0.1
Ladbroke ......int.	3.8	Oct. 31	3	—	‡7.08
Lawrie Plntn. §spec. int.	15	Sept. 29	—	—	—
Linfood ......2nd int.	6.39	Oct. 9	*6	9.39	*8.5
Lonrho ......§§int.	2.4	Oct. 31	2.33	—	6.55
Matthews Wrightson int.	3.6	Nov. 10	3.22	—	9.19
Mills & Allen	5	—	Nil	5	Nil
Mixconcrete ......int.	1.43	Oct. 23	1.28	—	3.10
Scottish Agricultural int.	5	Nov. 8	5	—	12
Small & Tidmas ......int.	1.1	Oct. 12	1	—	2
Sobranie (Hldings) ...int.	1.1	Oct. 17	1.02	1.76	1.67
Stoddard	0.81	Nov. 15	0.79	1.33	1.31

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Includes additional 0.0606p. § As forecast in uly, 1978 prospectus. ¶ Includes 0.0242p third interim. §§ Corrected.

Mixconcrete recovery at midway--peak year seen

THE ANTICIPATED improvement in results of Mixconcrete (Holdings) for the half year ended May 31, 1978, emerges as a rise of £476,000 to £626,000 in pre-tax profits from increased turnover of £13.58m against £11.58m.

The improvement has continued in the second half and given reasonable weather conditions, profits for the year could reach record levels, the directors say. Profits in 1976-77 were £1.2m and turnover, £26.59m.

The interim dividend is raised from 1.2780p to 1.4281p—last year's total was 3.1944p.

Tax charge in the half year is £326,000 (£78,000) leaving net profits at £300,000 against £72,000.

The directors say the better figures are the result of an increased demand for ready mixed concrete and aggregates.

*This is combined with the bene*fits of more stable trading conditions in the concrete pipes division following the lifting of the Government moratorium on the letting of contracts by regional water authorities, which so badly affected the results of the same period last year.

● comment

Mixconcrete has had a better first half than its chairman anticipated at the AGM in April. He said then that figures should be ahead of 1977's first half, boding well for the year as a whole. In the event the interim pre-tax figures are more than four times to the good and the company is shooting for the record result of £1.82m recorded in 1973. The improvement is based on increased demand for ready mixed concrete and a return to more normal trading in the concrete pipes division. Last year it was hit by the moratorium on regional water authority contracts. The share price jumped 4p to 75p on the news and, assuming the record *result is achieved, the p/e is 7.7,* and the yield (given a 10 per cent increase) is 7.2 per cent. This suggests that the stock is an attractive buying proposition but it is in an industry notorious for volatility of earnings.

CHI budgeting for higher second half profits

Budgets for 1978-79 at C. H. Industrials look for significantly higher profits in the second half, Mr. T. M. Hearley, chairman, told yesterday's annual meeting.

With the exception of the paint company, the divisions were trading in line with expectations, he added. He confirmed his forecast in the annual statement that first half profits were expected to be lower.

However, for the year as a whole, futher progress depended on the swift resolution of the difficulties surrounding the reorganisation of the paint interests, which have persisted longer than anticipated into the first half, and no further deterioration in the trading of the major automotive customer, particularly in view of the current uncertainties surrounding the S.U. Carburettors dispute.

Trading during the year to date at H. and R. Johnson-Richards Tiles had been satisfactory said Mr. J. Alec Done, the chairman at the AGM and he saw no reason to modify the statement in his annual review where he hoped to *report a year* of steady progress.

Regarding dividends, the additional exemption to cover costs where dividend cover exceeds the highest level achieved since 1972 appeared to offer no immediate alleviation, he said.

Progress for Bridgewater Estates

Reporting pre-tax profits ahead from £397,206 to £475,436 for the first half of 1978, the directors of Bridgewater Estates say that the group is continuing to make progress.

This year's half-yearly tax charge was £233,210 (£167,277) leaving net profits at £242,226 against £229,929. Earnings per 50p share rose slightly from 8.52p to 8.97p, while the interim dividend is kept as 4.5p net—the 1977 final was 8.5p.

Redland makes promising start

THE CURRENT year at Redland shows increasing promise as it develops, Mr. C. R. Corness, the chairman, says in his annual report. This is particularly so in *the UK and in continental Europe* following an adverse winter, and he is hopeful that the group will at least be able to maintain the worthwhile advances already made.

In saying this, the chairman is conscious of the fact that the continental European businesses work to a calendar accounting year so that directors are already aware of their performance for the first half-year trading.

In 1977-78, the group committed £16m to capital expenditure in the UK alone and has sanctioned a further £22m in the current year.

New projects include a brick works, a roof tile works and rail handling facilities which will enable output to be increased at the Buddon Wood quarry in Leicestershire.

Nearly all the businesses overseas are similarly financing increases in working capital as well as growth out of their own resources.

Some examples of the group's diversity of development during the past year are the opening of a new tile works in Norway, the resurfacing of airports in the Middle East, *the engineering of a* new stone quarry in Tanzania and the provision of industrial cleaning services in Singapore.

For the year ended March 25, 1978, profits before tax rose from £34.2m to £39.44m on sales of £270.56m (£233.9m). Profit earned in the UK accounts for slightly more than one-third of the total.

Profits were reduced to £30.28m on a CCA basis after adjustments *for additional depreciation of* £7.01m, cost of sales, £3.02m and gearing £1.2m.

Following the agreement to buy Automated Building Components Inc. of Miami, Florida, for $27m, the chairman says several other businesses in the U.S. construction industry are being studied in the hope that a group can be constructed capable of making a significant and progressive contribution to earnings.

The group consolidated balance sheet shows the strong financial position which has been built up in recent years. Net assets employed increased by 16 per cent over last year and this was financed by an increase in ordinary shareholders' funds through retentions, increases in minority interests and long-term provisions. Loan capital plus bank overdrafts less cash and deposits now stand at the low level of £5.53m, down 64 per cent on last year's £15.52m.

Since the year end, long-term debt has been further reduced by the redemption of the 7½ per cent DM Bearer Bonds, the necessary currency being purchased with sterling at official rates of exchange for a total cost of £13.36m. Substantial expansion *can be financed through increased* debt and this source of finance is expected to be utilised in the U.S. acquisition programme.

Fixed assets expenditure at £22.12m in total was 22 per cent above the previous year. Funds generated from operations covered this expenditure as well as all other costs of operating the business, taxes, over £3m on acquisitions and the distribution to *shareholders.*

Capital expenditure plans for 1978-79 envisage substantially increased investment with the necessary finance coming partly from increased borrowings. Meeting, 1 London Wall, E.C., September 28 at 12.15 p.m.

ISSUE NEWS AND COMMENT

Initial's rights to raise over £7m

To raise £7.58m, Initial Services proposes a one-for-four rights issue of ordinary 25p shares at 74p each. In the market Initial's shares slipped back 1p to 89p.

British Electric Traction, which holds 39.88 per cent of Initial's equity will be taking up its rights entitlement in full, at a cost of over £3.1m. The balance of the issue amounting to 6.35m shares has been underwritten by stockbrokers Fielding Newson-Smith.

Proceeds will be used to reduce the company's debt, provide extra working capital and enable it to take advantage of opportunities for development.

The company underlines the fact that it has not raised cash from its shareholders for 32 years, but it has made substantial developments in the range and territorial spread of its activities.

Dividends for the year ended March 31, 1978, totalled 4.57467p per share, equivalent to 6.856612p gross. Consent has been received from the Treasury to increase *the dividend to 7.55p gross* this year.

The directors intend to pay not less than this amount and in order to reduce disparity the interim will be increased to 1.5p net.

● comment

During the last few years Initial has expanded its operations both geographically *and its arnge of* services. Most of this development has been financed from its own cash flow and borrowings—for example the latest purchase, Kex Industrial, for £2½m was almost entirely financed by borrowings. So it is not surprising that Initial has been tempted to trim its debt ratio, and chooses now to do so. At the end of July it reported a 40 per cent increase in full year profits to £9.6m. Prior to that profits growth had been far more modest for a number of years, and since the latest preliminary announcement the shares have risen from 75½p to 89p.

Last March the balance-sheet was showing net borrowings of £17.1m, representing 53 per cent of shareholders' funds, and working capital requirements were well up at £9.7m. The growth of its workwear rental side this year is undoubtedly putting further pressure on working capital demands. However the rights *issue will trim the* proportion of debt to shareholders' funds to a far more respectable level around 25 per cent. The dividend is being increased by a-tenth for an ex-rights yield of 8.8 per cent.

WILLIAMS & JAMES

The rights issue by Williams and James (Engineers) of 9.5 per cent convertible cumulative redeemable preference shares has been taken up as to 90.01 per cent. The balance has been sold at a premium, which will be distributed to shareholders entitled thereto, except that no payment will be made of any amount of less than £1.

BLACKWOOD HODGE

Blackwood Hodge's rights issue has been taken up as to 96.7 per cent. The balance has been sold and the net proceeds will be distributed to entitled shareholders.

Dorada calls for £850,000: profits improve

Dorada Holdings is proposing to raise £850,000 from shareholders by a one-for-three rights issue at 65p each. *Along with the issue* comes the half year figures to June 30 showing a 35 per cent jump in pre-tax profits to £550,000.

Commenting on the issue Mr. Thomas Kenny, chairman, says that initially the new money will be used to reduce borrowings but that is not the objective. The intention is to enlarge the group and open new outlets.

Turning to the half year figures, he reports both the motor and the engineering divisions improved their profits despite continuing losses at the Bo'ness Foundry. These losses are at a much reduced scale and the prospects for this foundry are much better.

	Half-year 1978 £000	1977 £000
Turnover	30,317	26,554
Motor	27,595	24,363
Engineering	2,922	3,331
Profits	841	741
Motor	715	647
Engineering	114	80
Property rentals	14	14
Interest charges	291	333
Pre-tax profit	[illegible]	[illegible]
Taxation	286	211
Net profit	264	193

The directors announce a half *year dividend of 1.82p per share* an increase of 10 per cent over last year. In the context of the rights issue the directors expect to pay a total of 5.1p (4.57525p).

Sizeable property profits will be earned this year but they are not included in the interim figures.

The chairman says that it is too early to forecast profits for the year, but the company is budgeting for an improvement in the level of trading.

● comment

Dorada may claim that reducing borrowings is not the objective of the rights issue but with the *last accounts showing* net debt of £3.96m compared with shareholders' funds of £5.98m the extra cash is going to come in handy. The interest charge is looking rather hefty eating up 35 per cent of first half operating profits. Meantime, the interim figures look far from impressive at first glance. Turnover at the motor division is only up 13 per cent at a time when Ford registrations rose 26 per cent and Vauxhall by 14 per cent. About 40 per cent of Dorada's motor division is Vauxhall and some 35 to 40 per cent is Ford. However, this picture is distorted by the closure of some low profit outlets. Twelve have been closed over the past two years leaving 18 in operation. Adjusting for closures leaves sales up around 26 to 28 per cent. Meantime, the engineering company is making a steady recovery and with the continued buoyancy in car registrations full year profits could be around the £1.3m-£1.4m mark without much trouble. The dividend is only being increased by 10 per cent despite the historic cover of 3.7, but the *ex-rights yield* is still 10 per cent—above average for the sector.

Shaw Carpets begins well

Sales for the first quarter at Shaw Carpets were well ahead of those last year and Mr. J. W. H. Hartley, the chairman, told the annual meeting he remained con*fident that there would be a re*warding outcome for 1978-79.

He said that in part, this success had been due to returning trade confidence in the company and the early launch of five new product ranges previewed by major buyers before the Harrogate exhibition.

The order position at Vinten Group remained strong and profits for the current year would show a satisfactory improvement, said Mr. C. M. Brown, the chairman, at the AGM.

The group's technical development in the fields of reconnaissance systems and advanced electronics was proving successful and it was now looking closely at new ranges of products, he added.

PONTIN'S

Pontin's, a subsidiary of Coral Leisure Group, proposes to repay the outstanding £552,162 of 7.75 per cent debenture stock 1987-92 at £95 per cent.

Matthews Wrightson up 41% to £4.8m so far

WITH ITS trading profit up from £2.84m to £3.59m and interest and investment income some £0.31m higher at £1.65m, taxable profit of Matthews Wrightson Holdings advanced 41 per cent to £4.77m in the June 30, 1978, half year.

Turnover rose from £30m to £33.1m and the profit is also after interest charges of £0.5m (£0.61m) and associate profits of £31,000 compared with losses of £195,000 previously.

Mr. Gordon Henry, the chairman, says worldwide insurance profits of Stewart Wrightson showed a significant improvement in the period, with brokerage income advancing strongly both in the UK and overseas, although less favourable exchange rates led to lower growth in sterling terms.

Operating expenses were contained well in the UK but some overseas operations were affected by higher costs associated with new developments. The renewed strife in Lebanon affected results there and is leading to operating difficulties, he says.

The profit of the Lloyd's underwriting agency increased substantially, in line with results from the 1975 account.

Galbraith Wrightson's shipbroking results continue to be affected by the depressed shipping markets, and although brokerage income held up, profit was lower.

As indicated at the AGM, talks with Norwegian shipowners regarding the three tankers chartered to them by Galbraith are progressing. All sub-charter payments due from the owners continue to be received and full provision is made in the results for all losses accruing to Galbraith under the existing arrangements.

The group's air broking company continues to progress satisfactorily and while Fountain Forestry had a good half year, results at Fountain Farming were less satisfactory owing partly to lower than expected prices. However, results are no longer encumbered by terminal losses on discontinued operations.

The weakness of the dollar in the period adversely affected the sterling value of its substantial dollar revenues. But Mr. Henry says the underlying trend of the group's business is one of improvement and that currency movements are unlikely to have as serious an impact as last year.

The full year results will depend to some degree on exchange rate movements and also on the outcome of any new arrangements which may be concluded with the Norwegian shipowners.

After tax of £2.35m (£1.56m), minority interests of £0.3m (£0.51m) and extraordinary profits of £159,000 (£163,000 loss) attributable profit came out at £2.28m compared with £1.15m last time.

The interim dividend is raised from 3.2197p net per 20p share to 3.5953p and will absorb £0.59m (£0.53m). Last year a 5.9655p final was paid on total taxable profit of £8.41m.

See Lex

Halftime rise at Thomas Robinson

With turnover ahead from £3.19m to £3.49m taxable profit of Thomas Robinson and Son advanced from £363,994 to £391,014 in the June 30, 1978 half year.

The result is subject to tax of £200,000 (£190,000) and does not include any contribution from the South African associated company.

The interim dividend is lifted from 0.7372p net per 25p share to 0.8633p, including a 0.0401p additional payment for last year following the tax change. Last time a 2.64465p final was paid on a record profit of £0.99m.

BOARD MOVES AT RAKUSEN

The likelihood of board changes was behind the suspension of Rakusen's share price last Friday the group has revealed.

The food manufacturing, distribution and property development concern said yesterday that talks which might lead "to changes in the composition of the board" were at an advanced stage. A further announcement is expected by the weekend.

Stoddard arrests decline

WITH MOST of the reduction coming in the first half, when a decline from £734,000 to £410,000 was reported, pre-tax profits of Stoddard Holdings finished the year to May 31, 1978 some £363,000 lower at £708,000.

Earnings per 25p share are stated at 4.4p (6.2p) and the dividend is stepped up from 1.3102p to 1.3301p with a final payment of 0.8061p net.

Turnover for the 12 months improved from £19.44m to £21.06m and tax took £344,000 against £368,000.

The directors of this manufacturer of Axminster, Wilton and bonded carpets say its ranges continue to be among the market leaders both in the UK and abroad and full employment has been maintained.

Pattern costs are now being written off against the year in which they are cut. This change in accounting basis has resulted in an extra charge of £92,000 in the year under review with an adjustment of £110,000 in the 1977 comparison.

The products of the group will be widened by new ranges and by the acquisition later in the current trading year of a tufted carpet plant.

SANGERS

Sangers Optics, a wholly owned subsidiary of Sangers Group, has acquired a retail optical business in Lancashire for £337,500, satisfied by the issue of 111,801 ordinary shares with the balance in cash.

The acquisition is in furtherance of the group's planned expansion into retail optics.

KCA surges to £1.41m midway

ANNOUNCING FIRST-HALF 1978 pre-tax profits well ahead from £0.64m to £1.41m the directors of KCA International, formerly Berry Wiggins, say the results show a continuing improvement in the fortunes of the company and they expect this situation will continue throughout the remainder of the year.

They add that they are hopeful the upward trend will continue into 1979.

Earnings per 25p share are shown to have risen from 1p to 3.1p. There is no interim dividend. Last year's interim of 0.1p net was the sole payment for 1977, when full-year profits totalled £1.98m.

The company announced on August 29 the repayment of its loan of $23.4m advanced to it by Manufacturers Hanover Leasing International Inc. of New York for an Algerian drilling contract. A formal release has been signed and this now completes the agreement between KCA and Mr. Travis Ward, entered into in November, 1977.

	6 months 1978 £000	6 months 1977 £000	Year 1977 £000
Turnover	9,551	10,438	28,275
Trading profit	1,386	601	1,894
Int. & other income	20	31	81
Share assoc. losses	—	6	—
Profit before tax	1,406	636	1,975
Overseas tax	760	423	1,509
From def. tax acc.	—	—	157
Net profit	646	213	632
Minority loss	—	—	1
Extraord. credit	—	—	42
Pref. dividends	16	16	32
Attributable	630	197	643
Ord. dividend	—	20	20
Leaving	630	177	623

Development cost trim Grovebell

Continued development costs at Grovebell Group cut taxable profit in the May 31, 1978, half year from £44,257 to £3,162. But the interim dividend is maintained at 0.5p net per 5p share, and will absorb £7,500.

Mr. V. J. Advani, the chairman, says that a new subsidiary, Rotex, began trading in June as an importer and distributor to the wholesale trade, and he expects positive results to flow from these development expenses in the second half and to continue to close in the 1978-79 financial year.

The motor subsidiary traded successfully in the first half. He says that directors have decided to retain its property assets and redevelopment plans are under consideration.

Turnover in the period was £2.25m (£2.02m) and after tax of £1,644 (£23,603) net profit came out at £1,518 (£20,649). Last year a total pre-tax profit of £108,707 was reported and a 0.5p final dividend was paid.

Church down at halfway

ALTHOUGH INCLUDING contributions from two newly acquired subsidiaries for part of the period, pre-tax profit of Church and Co. dipped from £958,905 to £837,089 in the first half of 1978.

Profits of R. P. Allen have been included since February 8 and of Ellens from April 1. In March, Mr. I. B. Church, the chairman, said that the acquisitions would add materially to profits.

Sales in the period rose from £9.29m to £11.13m and after a tax charge down from £455,094 to £333,386 and minorities, attributable profit came out slightly down from £502,219 to £501,460.

Mr. Church now says results reflect a more normal trading pattern than that which existed in the early months of 1977 when an exceptional increase in profit of 60 per cent was achieved.

The main reasons for the reduced profit are that in the period leather prices were relatively stable, resulting in considerably less stock appreciation than last year.

Also, owing to the exceptional demand early in 1977, warehouse stocks of shoes were run down to unacceptably low levels and the group has had to rebuild these stocks this year, and the tourist business, particularly in London, has not been nearly as buoyant as 1977. As well, many retailers had overbought in the latter half of last year in anticipation of continuing high levels of trade.

He says that although the two Ellen companies traded well, their contribution to profits in the first half is small, since these can only be brought in from their year end. This will change in future years.

There are signs that trading conditions are at last improving in Canada and retail trade in the UK continues to be good. Provided this situation is maintained, he thinks profits for the full year will be satisfactory.

The interim dividend is up from 0.7p to 1p, and directors say that had dividend controls ended in July a higher payment would have been made. Last year a 2.67p net per 25p share final was paid.

Ladbroke well ahead at halfway—still sees £31m

For the half year to July 4, 1978, profits before tax of the Ladbroke Group increased from £10.93m to £13.8m on higher turnover of £221.37m against £170.82m, and Mr. Cyril Stein, the chairman, repeats his July profit forecast of £31m for the year compared with £24.3m in 1977.

It is reasonable to expect the year's profit figure, taking into account higher turnover associated with the second half, says the chairman.

Tax in the half year is £5.25m against £4.15m giving earnings per 10p-share of 16.1p compared with 14.7p. The interim dividend is stepped up from 3p to 3.8p and following the tax change, last year's final of 4p is increased by 0.0606p.

The directors would also wish to increase substantially this year's final but this will depend on external factors, says the chairman.

First half available profit is £8.59m (£6.94m) after crediting minorities, £81,000 against £164,000 and deducting pre-acquisition profits of £41,000.

Trading across divisions is generally buoyant although the casino division is not expected to increase more than marginally its contribution to group profits above last year's figures, says the chairman.

This is in line with expectations following the extraordinary increases in the previous year.

Mr. Stein notes that almost all the profits earned by the London casinos are from overseas clients and that foreign currency earned directly and indirectly by the various casinos in the capital provide an important contribution to the nation's invisible exports.

Through the development of those of current operations with good potential growth and the expansion into additional areas of the leisure and service industries the ratio of profits earned by the divisions will again vary.

The emphasis is being placed on the purchase of additional hotel and motor inn units and investment in property developments, mainly industrial and residential.

As an example of the progress that has been achieved business plans indicate that some £25m should be earned excluding the profits of the casino division in 1979.

Mr. Stein says much has been said and written on the report of the Royal Commission on Gambling.

Singling out its recommendation for a swingeing increase in the amount of casino duty currently payable he says, it is sufficient to comment that these proposals are impractical, unrealistic and incapable of implementation without badly damaging the fabric of the industry.

Mr. Stein said later three deals together involving a total of some £4.5m are likely to be announced over the next month as part of the expansion of the group's hotel and motor inns' interests.

In separate moves the group has already agreed terms to buy a further hotel and two motor inns in London, the south-east and Yorkshire.

As part of long-term plans the aim is to eventually have some 50 per cent of group profits coming from interests outside of betting and casinos, Mr. Stein says.

The profits contribution from casinos over the opening half of current year was virtually unchanged on last time's returns. For the full year, Ladbroke is hoping for possibly £13.5m in casino profits against £13m for the previous year.

Behind the improvement in interim results were good results on retail betting, and entertainments, and big improvements from hotel interests. The Cashcade lottery business is expected to produce profits of some £500,000 this year.

See Lex

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Anglo American Industrial Corp., Desoutter Bros., George Spencer.

Finals—Amalgamated Tin Mines of Nigeria, Leigh Mills, Parker Timber.

FUTURE DATES

Interims—	
Abbey Panels	Sept. 7
Babcock and Wilcox	Sept. 13
Costain (Richard)	†Sept. 7
Dewhirst (I. J.)	Sept. 6
Jersey Electricity	Sept. 25
P & O	Sept. 6
Phoenix Assurance	Sept. 6
Shakespeare (Joseph)	Sept. 8
Tilling (Thos.)	Sept. 13
Woodward (H.)	Sept. 7
Finals—	
Copson (F.)	Sept. 5
Esperanza Trade and Transport	Sept. 4

† Amended.

Better trend at Small & Tidmas

A turnround from a £17,215 deficit to a pre-tax profit of £127,316 for the first six months of 1978 is reported by John C. Small and Tidmas, manufacturer and finisher of warp-knitted fabrics, bobbin nets and mosquito netting.

For all 1977, profit was lower at £78,665 (£93,228) after reaching a peak £224,756 in 1974.

Half-year turnover advanced from £1.78m to £1.92m and profit was struck after lower interest of £13,196 (£26,616). Tax took £66,000 (nil) leaving earnings per 25p share at 5.11p and the interim dividend is lifted from 1p to 1.1p net—last year's total was 2p.

The directors say they are confident that their policy of substantial reinvestment ensures that the company's plant remains one of the most modern in the industry.

COMPTON WEBB

J. Compton Sons and Webb (Holdings) has been informed that on August 3 Vantona Group bought 35,000 shares giving it a total holding of 1,552,500 shares (9.12 per cent).

It is pointed out that this purchase was made in the period prior to the abortive discussion on the possibility of Vantona bidding for Compton.

Boustead midterm progress

WITH TURNOVER for the first half of 1978 up from £12.25m to £14.21m, pre-tax profits of Boustead advanced from £826,000 to £920,000.

The net interim dividend is held at 0.7p on earnings per 10p share of 2.67p (1.45p). Last year's total dividend was 1.5p from taxable profits of £1.89m.

Tax for the half year took £411,000 (£515,000) and minority profits £203,000 (£145,000). The attributable balance was £438,000 (£97,000) and, £357,000 (£16,000) was retained.

Book profit on sale of the Windsor Estate in June is shown as an extraordinary credit of £132,000 (£69,000 debt) after writing off £300,000 goodwill included in the cost of an investment in a subsidiary.

Proceeds from the sale of the estate have been applied largely to taking up the company's rights entitlement in Boustead Singapore.

The Singapore group recorded an increase of 15 per cent in its operating profits. Plantations however were lower primarily due to drought conditions affecting oil palm crops.

In the UK the metal broking and metal trading operations continued to show improvement.

Sobranie down to £64,093

After falling from £71,388 to £31,059 in the first half, taxable profit of Sobranie (Holdings) ended the February 28, 1978 year down from £116,699 to £64,093.

Turnover of the cigarette and tobacco group was £8.87m (£8.87m) including a £2.25m (£2.61m) draw back of duty on exports.

After tax of £20,911 (£68,161) minority interests of £1,382 (£541) and extraordinary profits of £53,630 (£72,359) attributable profit came out down from £120,356 to £95,430.

Earnings per 10p share are shown at 1.37p (1.57p), and after extraordinary items at 3.13p against 3.95p. A final dividend of 1.1p lifts the total from 1.666p net to 1.76p. Holders of 332,440 ordinary shares and 204,335 non-voting shares have waived final dividends totalling £5,794.

Improvement for Marshalls (Halifax)

INDICATIONS ARE that profits at Marshalls (Halifax) are currently materially ahead of last year, Mr. David R. Marshall, the chairman, says in his annual statement.

While directors are cautiously optimistic they cannot be sure that this trend will continue to the end of the year. But Mr. Marshall does not expect that shareholders will be disappointed with the final result.

He is confident the concrete and quarrying division will continue to improve profits in real terms in the next few years. Last year, when it contributed a trading profit of £1.34m (£1.03m), trading conditions were not good, although there were some encouraging signs of improvement in the latter half of the year.

In the engineering division the product range at Halifax Tool is being improved, while at Reliance-Mercury the level of enquiries and the number of orders received suggest the company will perform well in the current year.

At Fielden Engineers there are plans to expand the company, while at Higher Speed Metals gradual expansion in the next few years is planned. Petroc Drilling Equipment began operations last year and contributed a small profit, and with HIP (Powder Metals), which began trading this year, directors intend establishing a highly technical hot isostatic pressing facility. At Halifax Tool (South Africa) steps have been taken to remedy the small loss incurred last year, while there are signs of improvement at Marshalls (France).

As previously reported taxable profit of the group in the March 31, 1978 year climbed from £1.8m to £2.16m on turnover up from £18.57m to £23.59m. The group is proposing a scrip issue of one 10 per cent cumulative preference share for every six ordinary shares held.

At balance date fixed assets stood at £3.33m (£3.28m) and net current assets were £4.09m (£4.1m). Bank borrowings are shown ahead from £1.94m to £2.51m, reflecting the £3m spent on plant, machinery and buildings last year and the £1.5m added to working capital. Loans also rose from £1.07m to £1.41m.

Mr. Marshall says the group's positive investment policy is to continue.

Assd. Tooling sells more assets

Mr. A. G. Pratt, the chairman of Associated Tooling Industries, says in his annual statement that the already announced sale of the Tring property resulted in net profit of about £70,000 which will be included in the interim figures.

All subsidiaries continue to trade at a profit although certain areas of the company's industry are still slow in recovering from the recession. Overall the Board views the future more optimistically than when last reporting.

Since the end of financial year the group has disposed of further assets which were not providing a satisfactory return. It now has substantial cash resources and a materially improved liquid position.

The Board is considering all available alternatives to utilise this cash surplus including acquisitions and the feasibility of making a substantial cash payment to members by way of capital reduction, he says.

As previously reported pre-tax profit in the February 28, 1978, year rose from £73,665 to £109,356.

FINAL PAYMENT FROM MALTON TRUST

The liquidator of Malton Investment Trust announces a final cash distribution of 24.77p to be made on September 6. This compares with an estimate of between 1p and 7p contained in the liquidator's letter dated March 21, 1978. A final EGM has been called for October 4.

London Intercontinental

Judgment on London Intercontinental Trust's claim for £195,000 against Barclays Bank for alleged breach of mandate instructions will not be available until at least September 13, the company has said.

London Intercontinental, which was floated by stockbroker Mitton Butler Priest which collapsed in 1974, said that judgment on the claim had been reserved, and would not be available until the court reconvenes after the summer recess.

The company, whose share price was suspended at the time of MBP's collapse, said that the liquidators of the stockbrokers intend to make a distribution before Christmas.

In its last annual accounts London Intercontinental said that it was owed £34,500 by MBP.

After providing £14,000 for litigation costs in the six months to March 31, 1978, the group's net loss for the period came out at £13,194 compared with £923 in the same period last year. For the September 30, 1977, year its loss came to £5,989 after litigation costs of £4,500.

Directors say the accumulated losses on the parent company's investments stood at March 31 at £505,711, compared with £499,167 six months previously and £504,889 a year before.

Midway jump for Thurgar Bardex

After interest down from £37,787 to £29,236 taxable profit of Thurgar Bardex jumped from £83,675 to £221,794 in the 24 weeks to June 17, 1978.

Directors say trading continues at a satisfactory level and that the result for the full year will comfortably exceed last year's record £307,995.

The interim dividend is stepped up from 0.2p to 0.3p net per 10p share. Last year a 0.48375p final was paid.

Sales of the plastics products group rose from £2.09m to £2.59m and the result came after depreciation and amortisation of £79,545 (£72,250). After tax of £113,000 (£37,000) net profit was £108,794 (£46,675).

OIL AND GAS NEWS

Bridge Oil makes strike in Queensland

OIL AND gas exploration issues rose strongly on Australian stock markets yesterday following news of an oil and gas find in southern Queensland by a consortium of exploration companies consisting of Bridge Oil, Offshore Oil and Allgas Energy.

Bridge Oil announced that the Boggo Creek No. 2 well flowed oil to the surface. An open-hole drill stem test over the interval 6,155 feet to 6,277 feet flowed 47 degree API gravity oil with associated gas, although flow rates were not disclosed.

Equipment is now on location to allow the oil and gas flow to be measured. Flow tests were due to be conducted yesterday.

The well is located on a new structure 4.5 km northeast of the Silver Springs gas structure. Bridge Oil and Offshore each hold 37.5 per cent of the well, while Allgas Energy owns the remaining 25 per cent.

The news sent Bridge Oil sharply higher in Sydney and Melbourne markets with the shares finally 35 cents up at $1.48, after touching $1.52 at one point. Offshore Oil climbed 4 cents to 11 cents following a turnover of 1.1m shares in Sydney, while on the Brisbane market Allgas Energy shot up 45 cents to $2.

* * *

Esso Exploration and Broken Hill Proprietary have had a further disappointment in the third of their four to six well series of exploration wells designed to test new structures west of the Halibut field offshore Victoria.

The Seahorse 1 oil find does not justify a production platform owing to the small size of its structure and the well is being suspended as a possible future subsea completion.

The well flowed 2,000 barrels a day of 57 degree gravity oil and 2m cubic feet of gas a day on a half-inch choke from a zone of sandstones interbedded with siltstones and shales between 1,431.5 and 1,439 metres. After setting plugs the rig will be moved to drill West Halibut 1. The first two wells in the series were found to be dry.

* * *

Hopes of a commercial gas find in the Queensland Copper Basin have been dashed following the plugging of the Wackett No. 1 well.

The well, situated about 112 miles north-east of the Moomba Plant and 60 miles south of Wolgolla, the nearest natural gas field, flowed 2.2m cubic feet of gas a day.

However, it was not completed as a producer because of its remoteness from existing and planned gathering facilities and the low deliverability of the productive sands.

Partners in the well are Delhi International Oil, Santos, Australian Aquitaine Petroleum, Total Exploration Australia and Vamgas.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

NORTH AMERICAN NEWS

Reorganisation at Eaton following takeover spree

BY JOHN WYLES

NEW YORK, August 31.

EATON CORPORATION has announced a major management and structural reorganisation following its acquisition of more than $300m of new businesses this year.

The diversification exercise will significantly reduce Eaton's dependence on sales to the automotive market and should therefore make it less vulnerable to the market's cyclical peaks and troughs. Since the start of the year, the Cleveland, Ohio company has taken over Kenway, a Utah producer of automated storage and retrieval systems, Samuel Moore, a manufacturer of industrial tubing and hose, and most recently has spent $227m acquiring a 62 per cent stake in Cutler-Hammer, a manufacturer of electronic controls.

Mr. E. M. De Windt, chairman and chief executive officer, said yesterday that the three new companies will have combined sales this year of about $750m. As a result the company was being reorganised to reflect the increasing significance of the industrial and capital goods markets to Eaton.

Broadly the new structure, which comes into effect tomorrow, consolidates all operations into two areas, transportation products and industrial products. Each will be headed by newly-created vice-chairmen of the Board. Mr. James Stover, currently executive vice-president operations, will oversee the transportation products group, and Mr. Edmund Fitzgerald, currently chairman and chief executive of Cutler-Hammer, will head the industrial products group.

Three operating groups will report to Mr. Stover—materials handling, truck components and automotive components—and two to Mr. Fitzgerald—the general products group and the Cutler-Hammer group. Each major operating group will be headed by a president.

The new acquisitions will broaden Eaton's activities at home and abroad since Cutler-Hammer in particular has 33 U.S. plants and 18 in 13 other countries including the UK and Latin America. Vehicle products sales, which last year accounted for about 59 per cent of Eaton's total sales, may well fall to between 45 and 50 per cent this year as a result of the diversification.

Mr. De Windt also announced that he would be taking over the office of President following the retirement tomorrow of Mr. Paul Miller.

Servomation accepts offer from GDV

By David Lascelles

NEW YORK, August 31.

LIGGETT GROUP, the tobacco concern, appeared today to have lost the battle for Servomation, the vending and catering company it has been bidding for in the past two weeks.

Servomation announced today that it had accepted a competing offer from GDV, a home-building subsidiary of City Investing, the California-based diversified concern. The offer is $49 per share, just capping Liggett's $48.50, with the option for shareholders wanting to avoid tax to swap their shares for 9 per cent five year notes of GDV.

In accepting the offer, Servomation agreed to end all litigation against GDV, and said it would break off negotiations with Liggett group.

GDV's final offer puts the total value of the deal at around $190m. The company said today that it expected the merger to result in a near doubling of its sales to $1bn. These had already risen from some $100m last year as a result of acquisitions of other homebuilding concerns from other City Investing units.

Goodrich to build up tyre side

AKRON, August 31.

B. F. GOODRICH is making good progress in its diversification efforts but profit increases will be hard to achieve during 1978 and 1979, according to Mr. O. Pendleton Thomas, chairman, and Mr. John D. Ong, president.

They state that they plan to continue to expand the chemical and industrial products groups, both through acquisitions and internally developed products, reducing reliance on tyres, but they strongly rejected industry reports that Goodrich intends to gradually withdraw from the tyre business. Goodrich intends to restore its share of the original equipment tyre business and strengthen replacement tyre sales by promoting lines where the company has a strong position.

Tyres accounted for 46 per cent of sales in 1977 and again in the 1978 first half. Chemical products, including plastics, synthetic rubber and certain chemicals, account for nearly 35 per cent of sales. Industrial products, which include conveyor and drive belts, aircraft wheels and brakes, and a wide range of other products from adhesives to wall coverings, bring in almost 20 per cent of sales.

The Goodrich executives said they expect slower economic activity in the 1978 second half than in the first "and in 1979 probably a complete levelling off of economic growth." Under those conditions it will be hard to realise earnings gains, they said. They have not given up on profit improvements in 1979, but would make no specific estimate of earnings.

As already reported, Goodrich's first half net earnings dropped to $33.1m or $2.19 a share from $38.6m or $2.56 a share, in large part because of lower tyre earnings. Operating profit from tyres before taxes, interest and corporate expenses fell from $52.1m to $41.9m with all the decline in the first quarter.

Original equipment auto tyre sales remained strong through the end of the 1978 model year. But both Mr. Ong and Mr. Thomas forecast a decline of about 5 per cent in 1979 model car sales with a commensurate decline in tyre sales to Detroit.

They said the company is hoping for price increases for 1979 original equipment tyres, but added that the bargaining in Detroit has not been completed. Goodrich announced price increases of 1 per cent to 5 per cent on some car tyre and most truck construction equipment, farm and industrial tyres, effective from September 18.

The industrial products group will benefit for the remainder of the year from operations of Continental Conveyor and Equipment, purchased in July. The unit will add $30m to $35m to 1978 sales.

Capital spending for 1978 will be $110m to $115m, down from estimates of $120m to $140m at the start of the year, but still above the 105m of 1977. Goodrich has no plans for any significant amount of additional borrowing.

AP-DJ

Heavy buying of Abitibi Paper

By Robert Gibbens

MONTREAL, August 31.

A MYSTERY buyer has acquired about 600,000 shares of Abitibi Paper which, with 58 per cent-owned Price Company, is the world's largest newsprint producer. Major blocks of Abitibi stocks have been sold through the Vancouver and Toronto stock exchanges in the past two days, including one of over 500,000 shares at C$17 a share.

Abitibi said in Toronto it does not know who has been buying its stock. "All we know is that an undisclosed purchaser was seeking 600,000 shares for investment purposes and that it got the shares."

Earlier, Thomson Kernaghan, a member firm of the Toronto Stock Exchange, said an undisclosed client was seeking up to 600,000 Abitibi shares at C$17 a share for investment purposes and would not acquire more than 10 per cent of Abitibi's stock.

The 600,000 shares would *represent between 3 and 4* per cent of outstanding stock. Abitibi shares are widely held and it is believed there is no single holding of more than 5 per cent of outstanding stock.

There have been vague takeover rumours about Abitibi all this summer and the shares have traded actively on a rising market. The company's newsprint business has been doing well and earlier this week Abitibi estimated earnings of between C$3.20 and C$3.40 a share for the whole of 1978 against C$1.83 in 1977.

Earnings fall at Southern

By Our Financial Staff

SOUTHERN COMPANY, the major utility holding company based in Atlanta, experienced a 27 per cent earnings slump in the seven months to July 31 from $143.2m, or $1.16 a share, to $104.5m, or 76 cents.

Southern, which supplies electricity to most of Georgia and Alabama and parts of Florida and Mississippi, is engaged in a large and costly construction programme.

Revenues moved up from $1.5bn to $1.66bn. For the full year, however, they were down to $2bn from $2.15bn, with earnings nearly 15 per cent lower at $206.4m, or $1.54 a share.

Cuts in capital spending

NEW YORK, August 31.

A SURVEY of 1,000 of the largest U.S. manufacturers showed capital spending authorisations were sharply reduced in the second quarter while actual spending rose, says the Conference Board, a private business research group.

Second quarter appropriations for new plant and equipment totalled $14.4bn, seasonally adjusted, down 18 per cent from the $17.5bn authorised in the first quarter and 4 per cent down from the $14.99bn authorised in the 1977 second quarter.

The Conference Board it said actual spending was $14.8bn, up 13 per cent from the $13.0bn spent in the first quarter, and added this rise was due, in part, to a catch-up of losses caused by bad weather in the first quarter.

The Board said capital appropriations by the petroleum industry, which accounts for about 25 per cent of all authorisations fell 32 per cent in the second quarter from the first quarter, and was the third quarterly decline in a row.

Additionally, the Board said current indications point to little increase in 1979 capital appropriations, and while there is no investment boom in progress, manufacturing capacity is growing well.

Reuter

CANADIAN COMPANIES

Bank of Nova Scotia earnings increase

BY ROBERT GIBBENS

MONTREAL, August 31.

BANK OF NOVA SCOTIA raised its earnings to C$37.5m in the third quarter from C$33m on revenues of C$548m against C$427m.

For the nine months to the end of July, earnings amounted to C$108.4m against C$95.6m on revenues up from C$1.25bn to C$1.52bn.

Mercantile Bank of Canada, which is effectively controlled by Citicorp of the U.S., earned C$4.5m in the third quarter on revenues of C$50.5m, an increase from the C$3.5m on revenues of C$41.1m reported for the same period a year ago.

Banque Canadienne Nationale earned C$19.5m on revenues of C$493m in the nine months ended July 31 against C$18.1m on revenues of C$429m a year earlier.

Bank of Montreal, meanwhile, is offering C$75m of 9½ per cent debentures in Canada maturing in October, 1984.

Canadian Reynold Metals, consisting mainly of the Quebec aluminium smelting operations of the U.S. Reynolds metals group by whom it is wholly-owned, earned C$6.7m in the first half against C$6.2m a year earlier on revenues of C$91m compared with C$85m.

Higher interest costs and operating expenses brought about lower earnings at Ranger Oil Canada, the Calgary based oil and gas firm with major North Sea and international interests. Second quarter earnings were down to C$651,000 or 15 cents a share from C$1m, or 24 cents, on revenues of C$2.4m *against C$2.4m. First half earnings* totalled C$1.9m, or 43 cents a share against C$2.2m, or 50 cents, on revenues of C$5.4m compared with C$6m.

Westeel-Rosco, the major Toronto-based steel products group, earned C$2.6m, or C$1.37 a share, in the second quarter against C$1.9m, or 95 cents a year earlier on revenues of C$50m against C$40m. First-half earnings totalled C$2.7m, or C$1.40 a share, against C$1.8m, or 91 cents, on revenues of C$76m compared with C$64m.

Jannock, the diversified holding company which now owns 76 per cent of Westeel-Rosco, itself reported first-half earnings of C$7.5m, or C$1.40 a share, against C$5.6m, or 96 cents restated. The results include Westeel for one month.

More likely from CanPac

By Our Own Correspondent

MONTREAL, August 31.

A C$30m capital gain made on the sale of its 13.4 per cent holding in TransCanada Pipelines to Dome Petroleum could lead to the Canadian Pacific group increasing its dividend payments, possibly beginning with the December distribution when Government controls will have ceased.

Mr. Ian Sinclair, CanPac's chairman, stating this, added that he expects both Canadian Pacific and Canadian Pacific Investments (the non-rail investment holding side of the business) to post peak earnings for all 1978.

MONTEDISON'S DEAL WITH KUWAIT

Lifeline for an ailing giant

BY PAUL BETTS IN ROME

THERE has been a sudden revival of interest on the Milan Stock Exchange in the wake of reports of advanced negotiations involving the possible purchase of a 10 per cent equity stake in Italy's ailing chemical giant, Montedison, by a group of Arab banks led by Kuwaiti financial interests.

In many respects, this venture could well offer an ideal solution to the immense financial problems of Montedison, by giving the chemical conglomerate both credit and credibility, much in the same way as the celebrated deal which saw the Libyan Arab Foreign Bank take a substantial stake in the Turin Fiat car group two years ago.

Montedison, Italy's largest chemical group, crippled by accumulated debts now totalling more than L3,400bn and continuing losses, is now seeking to increase its capital from L152.5bn to L355.7bn through a rights issue. A further L175bn will then be raised through a bond issue.

The chemical group, which has been at the centre of a protracted political controversy, has already received formal approval by the Italian authorities for its capital increase. While most of its large private and state shareholders—including Bastogi, the Monti and Pesenti groups in the private sector, and the state ENI and IRI holdings in the public sector—are expected to subscribe to the capital increase, Montedison's dismal past dividend and bourse performance is, however, unlikely to lure its sizeable number of small shareholders to support the operation.

Mediobanca, the state medium-term credit institute with shareholding interests in Montedison, is now setting up a consortium of Italian banks to underwrite the issue. However, its managing director, Sig. Enrico Cuccia, is reported to have been looking around for some time for outside support to carry out successfully the Montedison capital increase.

In recent years, Sig. Cuccia *has acted as a sort of "financial* troubleshooter" for Italy's major private enterprises. Indeed, he was behind both the Dunlop-Pirelli union and the Fiat-Libya deal.

The deal between Montedison and the Arab banks is thought to involve a participation of the Arab interests of L35bn in Montedison's new share issue and of a further L15bn in the subsequent bond issue. In return, however, the Kuwait-led banking consortium is understood to be asking for control of Montedison's oil imports and the chemical group's product sales to Middle East oil producing countries.

The deal between Montedison and the Arab banks is thought to involve a participation of the Arab interests of L35bn in Montedison's new share issue and of a further L15bn in the subsequent bond issue. In return, the Kuwaiti-led consortium is understood to be asking for control of Montedison's oil imports and the chemicals group's product sales to Middle East oil producing countries

This has now led to speculation on the source of the leak of the so-far secret talks between Montedison and the Arab group. The finger appears to be pointed at the *Italian state hydrocarbons* group, ENI, itself the major public shareholder in Montedison. ENI is believed not to favour the operation, since its oil subsidiary, AGIP, currently supplies Montedison's substantial yearly oil requirements of some 5m to 6m tons, or the equivalent of some L500bn a year in cash terms.

The presence of Arab interests in the chemical group would clearly affect Montedison's present complex mixed state-private shareholding structure. The deal would enhance the private character of the group at *the expense of the public sector,* with all the political implications this would have. For years, Montedison has been a battleground between private and public interests in Italy, and also a source of constant conflict between the country's main political forces.

Nonetheless, it is argued here that the injection of foreign capital would not only help Montedison's recovery, but also strengthen its image both in Italy and overseas. At the same time, despite its current state of financial disarray, Montedison is viewed as a convenient investment for Middle East oil interests.

Montedison has long had ties with the oil producing countries, and is quite active in these developing markets. For their part, the oil countries have been *increasingly* building oil refineries, and it is likely that within three or four years they will be seeking Western outlets for their semi-finished products.

Montedison has established over the years a sizeable presence on foreign markets, which now effectively account for as much as 40 per cent of the Italian group's Lire 5,472bn consolidated sales last year, and would provide such an outlet. It would also become a steady customer for Middle East oil, and at this particular moment of turmoil on the foreign exchange markets the purchase of a shareholding in an Italian company *is clearly more attractive* for Arab financial interests than in a Swiss or West German group.

The negotiations between Montedison and the Arab group also come at a time when there are tentative signs that the long-overdue restructuring of the Italian chemicals and fibres sector, one of the country's principal industrial sectors, is beginning to take shape. Montedison is now finalising the rationalisation programme for its heavy loss-making synthetic fibres sector.

The plan involves the merger and rationalisation of the fibres activities of Montedison's main subsidiary in this troubled sector, Montefibre, which lost last year more than Lire 100bn, and of Snia Viscosa, in which Montedison holds the largest single stake of 29 per cent.

At the same time, major developments are also taking place in Bastogi, the Rome-based financial group which holds the largest private shareholding of 7.6 per cent in Montedison. The proposals for a merger between Bastogi and Beni Stabili, the property group in which Bastogi holds a 51 per cent controlling interest, and a capital increase *operation* expected to be announced to Bastogi shareholders during the first weeks of September are bound to affect Montedison. It is not entirely coincidental that the new chairman of Bastogi, Sig. Alberto Grandi, who has ambitious plans for relaunching the financial group's activities, was until a year or so ago vice-chairman of Montedison.

EUROBONDS

Dollar sector holds steady

By Mary Campbell

THERE WAS little change in prices yesterday in either the dollar or D-Mark sectors of the market. The dollar sector in particular was holding surprisingly steady in view of the unstable currency situation and rising dollar interest rates.

In the D-Mark sector, the domestic market was more or less unchanged with prices remaining up on levels of a week ago.

Venezuela and Norway are each planning to float yen-denominated bonds in Japan in November, Reuter reports from Tokyo. There have also been reports of further plans by Japanese companies to issue D-Mark denominated convertibles.

Konishiroku Photo Industry is reported to be planning a DM 60m convertible in September via WestLB, while Jusco is said to be studying plans for a DM 80m convertible and a SwFr 70m convertible in October.

Sharp Corporation is scheduled to bring a DM 150m bond, while Nissan Diesel Motor Company and Olympus Optical Company *are both planning DM 80m issues.*

Omron Tateisi Electronics Company, Nippon Yusen KK (Japan Mail Steamship) and Marudai Food Company have reportedly scheduled DM 50m bonds. Tokyo Electric Company is down for DM 40m and Maruetsu for DM 30m.

Nixdorf ahead

Nixdorf Computer, the privately-controlled West German computer manufacturer, today reported a 19 per cent increase in turnover in the first half of this year and a rise in orders in hand to DM 724m against DM 569m in mid-1977, writes Jonathan Carr in Bonn. Nixdorf attributes the growth to the increasing pressure for higher productivity and rationalisation in industry and the administrative apparatus as a whole.

Cut-price fares hit Air NZ

BY DAI HAYWARD

WELLINGTON, August 31.

DESPITE a big increase in the number of passengers carried, competition from cut-price air fares sent Air New Zealand's earnings tumbling for the year ended March 31. Profits were down by three quarters from NZ$12.7m to NZ$3.3m ($3.5m).

Air NZ carried 60,000 more passengers, but average fares dropped because of the introduction of cheap fares to match growing international competition and cut price fares on Pacific routes. The airline had expected to make a profit of NZ$7m but achieved only half *of this. It is the first time* that the airline's earnings have dropped.

The airline carried 914,000 passengers on international surfaces—an increase of 6.7 per cent. This compares with a passenger increase of only 2 per cent for each of the two previous years and reflects the result of cheap Pacific holiday flights. Passengers also travelled further, flying an average of 3,987 kilometres.

However, total passenger revenue increased by only 8.6 per cent. The effect of the cheap fars is reflected in figures which show that more than 60 per cent of Air NZ international passenger revenue came from cut rate fares requiring bookings well in advance. The airline has warned it is becoming increasingly difficult to offer seats at short notice.

Faced with greater competition on international routes, particularly from American airlines on the Auckland to Los Angeles service, Air NZ says it will try to hold international fares but warns that fares on the domestic section must go up. Even on international flights, the airline must carry more passengers and freight if it is to hold fares at their present level.

Last year Air NZ's overseas services had to absorb a cost increase of 17 per cent. Against this, total revenue went up by only 10 per cent compared with 26 per cent in the previous year.

In contrast, the internal services — formerly operated by National Airways Corporation which was merged with Air NZ in April—showed a big jump in both passenger traffic and earnings. Profit was up 25 per cent, increasing from NZ$3.3m to NZ$4m.

Internal freight business was buoyant in the first half of the year but fell away dramatically during the second six months because of New Zealand's economic recession.

Despite this, internal freight revenue was boosted by 23 per cent by NZ$40m for the year.

KNSM in balance

KNSM GROUP, the Dutch shipping line, managed to balance its profit and loss account in the first half of 1978 after reporting a loss in the first quarter, writes Charles Batchelor in Amsterdam. The company said that as far as can now be foreseen a modest profit will be made in the year as a whole. Net profit fell sharply last year to Fl 1.9m ($875,000) fro mFl 8.7m in 1976, and the company did not pay a dividend. The transatlantic shipping division and the air transport division made a positive contribution to the first half result, and this is expected to increase in the current period.

SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

	Bid	Offer
STRAIGHTS		
Alcan Australia 9½pc 1989	97¼	98¼
AMEV 8pc 1987	94½	95½
Australia 8¼pc 1992	94	94½
Australian M. & S. 9½pc '92	99	99½
Barclays Bank 8½pc 1992	93¾	94¼
Bowater 9½pc 1992	98½	99
Can. N. Railway 8¾pc 1986	93½	94
Credit National 8¾pc 1986	97	97½
Denmark 8¾pc 1984	97½	98¼
ECS 9pc 1995	99½	100½
ECS 8¾pc 1997	93¾	94¼
EIB 8¾pc 1992	95	95½
EMI 9½pc 1989	98½	99
Ericsson 8¾pc 1989	97¼	97½
Esso 8pc 1986 Nov.	99	99½
Gt. Lakes Paper 8¾pc 1984	98¼	99
Hamersley 9¾pc 1992	100½	101¼
Hydro Quebec 9pc 1992	96½	97½
ICI 8¾pc 1987	93½	96¼
ISE Canada 9¼pc 1986	102¼	103¼
Macmillan Bloedel 9pc 1992	97¼	98¼
Massey Ferguson 9¼pc 1991	97½	98¼
Michelin 9¼pc 1988	99½	100
Midland Int. Fin. 8¾pc '92	97½	98½
National Coal Bd. 8pc 1987	93½	94¼
National Wstmnstr. 9pc '86	100½	101¼
Natl. Wstmnstr. 9pc '86 'B'	101½	102¼
Newfoundland 9pc 1989	99½	100½
Nordic Inv. Bank 8¾pc 1989	97¼	98¼
Norges Kom. Bk. 8¾pc 1992	93½	96½
Norpipe 8¾pc 1989	96½	97
Norsk Hydro 8¾pc 1992	95	95½
Oslo 9pc 1988	99½	100½
Ports Autonomes 9pc 1991	98½	99
Prov. Quebec 9pc 1995	96½	97½
Prov. Saskatchwn. 8¾pc '86	97½	98¼
Reed International 9pc 1987	93½	94½
RHM 9pc 1992	94½	95½
Selection Trust 8¾pc 1989	91½	92½
Shell Intl. Fin. 8¾pc 1990	93	93½
Skand. Enskilda 9pc 1991	99½	100
SKF 8pc 1987	91½	92½
Sweden (K'dom) 8¾pc 1987	95½	96
United Biscuits 9pc 1989	97½	98½
Volvo 8pc 1987 March	93½	94½
Rowntree 10¾pc 1988	92	93
Sears 10¾pc 1988	91½	92½
Total Oil 9¾pc 1984	89½	90½
NOTES		
Australia 7¾pc 1984	93	93½
Bell Canada 7¾pc 1987	93½	96
Br. Columbia Hyd. 7¾pc '85	93½	94¼
Can. Pac. 8¼pc 1984	97¼	98¼
Dow Chemical 8pc 1986	95½	96½
ECS 7¾pc 1982	94½	95½
ECS 8¼pc 1989	94	94½
EEC 7½pc 1982	95½	96
EEC 7¾pc 1984	94½	95½
Enso Gutzeit 8¼pc 1984	95½	96½
Gotaverken 7¾pc 1982	95½	96
Kockums 8pc 1983	96½	97½
Michelin 8¾pc 1983	98	98½
Montreal Urban 8¾pc 1981	99½	100
New Brunswick 8pc 1984	96½	97
New Bruns. Prov. 8¾pc '83	98	98½
New Zealand 8¾pc 1986	93½	96½
Nordic Inv. Bk. 7¾pc 1984	94	94½
Norsk Hydro 7¾pc 1982	95½	96½
Norway 7¾pc 1982	94½	95
Ontario Hydro 8pc 1987	92½	94½
Singer 8¾pc 1982	98½	99½
S. of Scot. Elec. 8¾pc 1981	98	98½
Sweden (K'dom) 7¾pc 1982	95½	96
Swedish State Co. 7¾pc '82	95½	96½
Telmex 9½pc 1984	98½	99½
Tenneco 7¾pc 1987 May	91½	92½
Volkswagen 7¾pc 1987	94½	95½
STERLING BONDS		
Allied Breweries 10¾pc '90	89½	90½
Citicorp 10pc 1993	91½	92½
Courtaulds 9½pc 1989	89½	90½
ECS 9½pc 1989	92½	93½
EIB 9¼pc 1988	[illegible]	[illegible]
EIB 9½pc 1992	[illegible]	[illegible]
Finance for Ind. 9¾pc 1987	[illegible]	[illegible]
Finance for Ind. 10pc 1989	[illegible]	[illegible]
Fisons 10½pc 1987	[illegible]	[illegible]
Gestetner 11pc 1988	[illegible]	[illegible]
INA 10pc 1988	[illegible]	[illegible]
DM BONDS		
Asian Dev. Bank 5¾pc 1988	93½	94½
ENDE 6¾pc 1986	96½	97½
Canada 4¾pc 1983	98½	99½
Den Norske Ind. Bk 6pc '90	98½	99½
Deutsche Bank 4¾pc 1983	97½	98½
ECS 5¾pc 1990	92½	93½
EIB 5¾pc 1990	92½	93½
Elf Aquitaine 5¾pc 1988	93	94
Euratom 5¾pc 1987	97½	98¼
Finland 5¾pc 1986	94½	95½
Forsmarks 5¾pc 1990	94½	95½
Mexico 6pc 1985	93½	94½
Norcem 5¾pc 1989	98	99
Norway 4¾pc 1982	98½	99½
Norway 4¾pc 1983	96	97
PK Banken 5¾pc 1988	94½	95½
Prov. Quebec 6pc 1990	96½	97½
Rautaruukki 5¾pc 1988	93	94
Spain 6pc 1988	95½	96½
Trondheim 5¾pc 1988	94½	95½
TVO Power Co. 6pc 1988	96	97
Venezuela 6pc 1988	94½	95½
World Bank 5¾pc 1990	96½	97½
FLOATING RATE NOTES		
Bank of Tokyo 1984 8¾pc	99	99½
BFCE 1984 9 7/16pc	99½	99¾
BNP 1983 9 5/16pc	99½	100½
BQE Worms 1985 9pc	99	99½
CCF 1985 8¾pc	98½	99½
Chase Manhttn. '93 9 5/16pc	98	98½
Creditanstalt 1984 8¾pc	99	99½
DG Bank 1982 9pc	99½	100½
GZB 1981 9¾pc	99½	100½
Intl. Westminster 1984 8pc	99½	99¾
Lloyds 1983 8 15/16pc	99½	100½
LTCB 1987 9 1/16pc	99½	99¾
Midland Int. FS '87 9 5/16pc	99½	99¾
Midland Int. FS '93 9 7/16pc	98½	99½
Nat. Westmnstr. '90 9 5/16pc	99½	99¾
OKB 1983 9¾pc	99½	100½
SNCF 1985 9 5/16pc	99	99½
Stand. and Chtrd. '84 8¾pc	99	99½
Source: White Weld Securities.		
CONVERTIBLES		
American Express 4¼pc '87	81½	83
Babcock & Wilcox 7pc '92	116½	117½
Beatrice Foods 4¼pc 1992	101½	103
Beatrice Foods 4½pc 1992	117½	119
Beecham 6½pc 1992	109½	110½
Borden 5pc 1992	97½	99
Broadway Hale 4½pc 1987	74½	76
Carnation 4pc 1987	76	77½
Chevron 5pc 1988	137½	139
Dart 4¾pc 1987	[illegible]	[illegible]
Eaton 5pc 1987	[illegible]	[illegible]
Economic Labs. 4¾pc 1987	[illegible]	[illegible]
Firestone 5pc 1988	[illegible]	[illegible]
Ford 5pc 1988	[illegible]	[illegible]
General Electric 4¼pc 1987	[illegible]	[illegible]
Gillette 4¾pc 1987	[illegible]	[illegible]
Gould 5pc 1987	128½	
Gulf and Western 5pc 1988	89	90½
Harris 5pc 1992	210	212
Honeywell 6pc 1986	85½	87
ICI 6¾pc 1992	93	94
INA 6pc 1997	97½	99
Inchcape 6¾pc 1992	113	114½
ITT 4½pc 1987	78½	80
Jusco 6pc 1992	141½	142½
Komatsu 7½pc 1990	141½	142½
J. Ray McDermott 4¾pc '87	145	147
Matsushita 6½pc 1990	189	190½
Mitsui 7¼pc 1990	130½	131½
J. P. Morgan 4¾pc 1987	100	101½
Nabisco 5½pc 1988	103½	105
Owens Illinois 4½pc 1987	123	124½
J. C. Penney 4½pc 1987	75½	77
Revlon 4¾pc 1987	162½	164
Reynolds Metals 5pc 1988	86	87½
Sandvik 6½pc 1988	112	114
Sperry Rand 4¼pc 1987	88	89½
Squibb 4¾pc 1987	82	83½
Texaco 4½pc 1988	76½	78
Texas Int. Air. 7¾pc 1993	101½	102½
Toshiba 6½pc 1992	135½	136½
Ty Co. 9pc 1984	75½	77
Ty Co. 9½pc 1988	105½	106½
Union Carbide 4¾pc 1982	89	90½
Warner Lambert 4½pc 1987	80	81½
Warner Lambert 4¾pc 1988	76½	78
Xerox 5pc 1988	75½	77
Source: Kidder, Peabody Securities.		

FOOD PRICE MOVEMENTS

	August 31 £	Week ago £	Month ago £
BACON			
Danish A.1 per ton	1,115	1,115	1,115
British A.1 per ton	1,085	1,085	1,085
Irish Special per ton	1,085	1,085	1,085
Ulster A.1 per ton‡	1,085	1,085	1,085
BUTTER			
NZ per 20 kg	12.59 12.72	12.59 12.72	12.59 12.72
English per cwt†	75.39	74.11	74.11
Danish salted per cwt†	76.98 79.52	76.98 79.52	77.22/78.02
CHEESE§			
NZ per tonne	1,161.50	1,161.50	1,161.50
English cheddar trade per tonne	1,275	1,275	1,202.10
EGGS*			
Home-produce:			
Size 4	—	2.30-2.60	2.50 2.75
Size 2	—	3.00 3.40	3.20 3.50
	August 31 p	**Week ago p**	**Month ago p**
BEEF			
Scottish killed sides ex-KKCF	54.0 58.0	54.0 58.0	54.0 57.5
Eire forequarters	36.0/38.0	36.0-37.0	35.0 37.0
LAMB			
English	54.0 58.0	52.0 58.0	50.0-56.0
NZ PLs, PMs	50.0/54.0	53.0/54.0	53.0/54.0
PORK (all weights)	36.0 44.0	36.0/44.0	35.0, 44.0
POULTRY—Broiler chickens	37.0 39.0	34.0 41.5	36.5-39.0

* London Egg Exchange price per 120 eggs. † Delivered. ‡ Unavailable. § For delivery September 3-10.

INTL. FINANCIAL AND COMPANY NEWS

Sharp increase in Volvo first half profits

BY JOHN WALKER

STOCKHOLM, August 31.

AN INCREASE of more than a fifth in sales for the first half of 1978 and an even sharper rise in profits are announced by Volvo, the Swedish car maker which is currently negotiating the sale of 40 per cent of itself to the Norwegian Government.

After financial incomes and outgoings, group profits are 41 per cent ahead at SKr 395m following a gain of 28 per cent in the opening three months of the year. The company reckons to have a "good chance" of emerging from 1978 as a whole with profits higher than last year's SKr 465m.

Sales for the six months emerge at SKr 9.1bn ($270m) which amounts to an increase of 21 per cent. Outside Sweden sales rose by 34 per cent to SKr 7bn lifting the group proportion of foreign sales to 77 per cent to from the 70 per cent of the opening six months of 1977.

By contrast demand within Sweden shrank with the company's home turnover dipping by 9 per cent to SKr 2bn.

Total sales of cars amounted to 135,000 units during the first half of 1978. In Sweden car sales dropped in the first half of this year by 10,000 units, while the markets outside Sweden went up by 1,000, or 1 per cent.

Order intake for trucks and busses during the six months showed an increase over the same 1977 period. The order stock for busses at the end of June was basically unchanged compared with the first six months of last year. Truck sales in the U.S. are expected to show an increase since Volvo has concluded an agreement with the U.S. company Freightliner Corporation which will take care of truck sales in North America as from January 1 next year.

Nearly all the divisions showed a 9 per cent increase in sales during the half year. Mr. Pehr Gyllenhammar the managing director forecasts that this year Volvo "will turn in a much improved balance sheet."

The half-yearly report gives no indication of the progress being made in the deal to link financially with Norway. The move, first unveiled in May of this year and at the time seen as a bold attempt to secure a sound future for Volvo, has run into stiff opposition both within Sweden and in Norway.

Exactly one year ago the company abandoned plans to merge with its fellow Swedish car manufacturer, Saab-Scania.

GHH sees maintained earnings this year

By Adrian Dicks

BONN, August 31.

WEST GERMANY'S largest mechanical engineering group Gutehoffnungshuette (GHH) expects to maintain earnings and to pay an unchanged cash dividend on the 1977/78 financial year, ended June 30, the board told shareholders in an interim report today. For 1976/77, GHH paid DM 6 per DM 50 share, giving West German residents DM 9.38 with the tax credit.

The interim letter to shareholders gave no details of earnings, but showed that in terms both of sales and new orders, GHH as a whole grew scarcely at all in 1977/78. Sales were up 2.9 per cent on the home market and down 2.6 per cent abroad, giving an overall DM 12.1bn, just 0.4 per cent higher than in 1976/77.

New orders were up 1.3 per cent from abroad and down 0.9 per cent from domestic customers, giving an overall total of DM 13.4bn, unchanged from last year.

The group's order book, however, rose 10.6 per cent at June 30, as compared with a year earlier, largely as a result of a few large orders.

1-BJ——

The Board described demand for capital goods of the type the group builds—machinery, machine tools and plant—as unsatisfactory, with the continuing upward drift of the Deutschemark opening the way to increased import substitution in several important areas of the home market. There was no counterbalancing increase in export demand, although individual product areas once again varied widely.

A more gloomy situation was reported by the chairman of Gildemeister, the country's largest producer of machine tools. Mr. Hans Barthelmeht told the annual meeting that Gildemeister would not be able to resume dividend payments either for 1977 or for the current year, as had been hoped under the consolidation plan which brought him in as chief executive in 1975.

Gildemeister, which has paid no dividend since 1973, has been hard hit by the weakness of export demand, and especially by the collapse of its business with the Comecon states. Mr. Barthelmeht reported that these now amounted to only 10 per cent of the company's exports, compared with over half in the early 1970s.

Dutch publishers lift proffts

BY CHARLES BATCHELOR

AMSTERDAM, August 31.

START-UP COSTS on new projects reduced the operating profit of the largest Dutch publisher, VNU, in the first half of 1978. However, lower provisions and tax led to a sharp improvement at the net level and for the year as a whole the company is expected to emerge with net profits almost a third higher.

Work on an encyclopaedia which is due to be launched on the American market in 1980 and on a new Dutch news magazine involved substantial costs. This led to a 6 per cent decline in the operating result to Fl 41.7m ($19.2m). The tax charge was Fl 1.8m lower at Fl 18.3m while provisions for minority holdings fell to Fl 2.8m from Fl 7.8m. Net profit rose 31 per cent to Fl 20.9m.

VNU's profit forecast for the year nonetheless indicates a slow-down in the recent strong growth in the publishing sector. VNU's net profit rose 47 per cent in 1977 after a 77 per cent increase in the first-half.

Meanwhile, another Dutch publishing group, Elsevier, reports net profit 19 per cent higher at Fl 14.9m ($6.9m) in the first-half of 1978. Turnover rose 10 per cent to Fl 309m ($142m) due almost entirely to "autonomous growth." Operating profit rose 13 per cent to Fl 24.3m.

The company reports that after-tax winding-up loss on its Sims joint venture with W. H. Smith which has been taken as a Fl 1.4m extraordinary loss. The two companies ended their five-year old retailing venture earlier this year after making losses which Elsevier said ran into "many millions of guilders."

Lafarge plans rights issue

By Our Financial Staff

LAFARGE appears set to become the next major French company to tap shareholders for funds. The company, one of the worlds "big three" cement groups, has announced that it is to increase its capital via a rights issue in the middle of September.

The move can be seen as part of the wave of rights issues currently taking place on the Paris Bourse. Over the past few days, CFP and Saint Gotain have between them raised some $280m in this manner.

The problems at Okto

BY OUR OWN CORRESPONDENT

AMSTERDAM, August 31.

THE extent of the losses at the Okto subsidiary of Kon. Nederlandse Papierfabrieken (KNP) have emerged from figures released by NOM, the state-owned development company for Northern Holland. NOM said that two-thirds of its Fl 44m ($20.4m) provisions for minority holdings in the 15-month period ended December 1977 were to cover its 49 per cent stake in Okto. KNP holds the remaining 51 per cent.

Okto was not included in KNP's consolidated accounts for the first half of 1978 published earlier this month because it is not yet operational, KNP said then. It did reveal that KNP's share of Fl 9.3m in the starting up costs of Okto had been set against special provisions made in 1977 and that Fl 4m of these provisions remained.

It also said that Okto was making considerable losses due to the poor market for its products and the long starting up period. KNP reported that net profit more than doubled to Fl 3.7m ($1.7m) in the first half of this year from Fl 1.4m in the same 1977 period.

AUSTRIAN BANKING

Expansion satisfies the majors

BY PAUL LENDVAI IN VIENNA

THE MAJOR Austrian banks are on the whole satisfied with their performance during the first half of 1978 and are prepared to adjust to the consequences of the 1 per cent cut in the discount rate which came into force at the end of June this year.

As a result of this, interest rates on credits went down by "at least" half a percentage point while the basic interest on ordinary savings deposits was also reduced (as of July 1) from 4.5 per cent to 4 per cent. Money market rates dropped to 6 per cent and the yield on the capital markets fell under 8 per cent which was described by the Creditanstalt Bankverein as a "normalisation of the interest structure" after a period of two years.

Meanwhile, the Association of Austrian banks and bankers has issued its comprehensive report for 1977. It comprises the balance sheets of 19 commercial banks, seven regional banks, three joint stock banks with special functions, four hire purchase institutes and three joint stock banks which are central institutes of their sectors (that is, savings banks and farmers credit cooperatives). The consolidated balance sheet of the 36 institutes at the end of 1977 totalled Sch 636bn, accounting for 54.5 per cent of the entire banking sector.

The report stresses the over-average expansion in the mortgage and communal bonds as well as foreign exchange credits. While loans for a period of over five years registered a four-fold increase, the volume of short-term credits less than doubled. The report points out that trade and industry accounted for 58 per cent of the growth in loans extended by the member institutes.

All of the major banks have published their half-yearly reports. Creditanstalt Bankverein (CA), the Number One, reports that total assets of the Creditanstalt group rose compared to the end of 1977 by 4.2 per cent to Sch 162.6bn. Taking only the Creditanstalt, that is without associated and regional banks, the balance sheet expanded during the six months by 4.8 per cent to Sch 129bn. Domestic business was mainly responsible for the growth while foreign business remained at last year's level.

Demand for credit was sluggish in the first quarter, but became brisk in the second. In all, outstanding loans rose by 9.6 per cent to Sch 64.8bn.

Girozentrale, the central institute of the Austrian savings banks, reports a seven per cent increase in its consolidated balance sheet during the first half of 1978 compared to the end of 1977.

Portfolio holdings, compared with the position a year ago, were up by 26 per cent to Sch 15bn. By the end of June. But taking only the first six months of this year, no expansion was achieved. Savings deposits during the first half of 1978 rose by 16 per cent.

Oesterreichische Laenderbank also regards the earnings position as satisfactory, since it was possible to offset higher costs through expansion of credits and the services sector. The consolidated balance sheet rose by 7 per cent to Sch 78.8bn as against a growth of 3.5 per cent during the same period last year. Savings deposits were up by 4.2 per cent to Sch 18.2bn. Deposits by domestic banks were up by Sch2.2bn reflecting adequate liquidity on the money markets.

The number of Laenderbank branch offices passed the 100-mark, up by seven during the first six months. Including the branches operated by OECI, Mercurbank, Eisenstaedter Bank and WAG, the Laenderbank group currently has a total network of 187 branch offices. As of July 1, the bank became a full member of Abecor, the London-based international banking group.

Zentralsparkasse, the largest Austrian savings bank, saw total assets jump by 10.3 per cent to Sch68.7bn as against a growth of 3.2 per cent during the same period in 1977. The growth was ascribed primarily to what the bank describes as an improved savings climate in Austria. Thus savings deposits were up by 4.8 per cent to Sch34.7bn. By mid-1978 Zentralsparkasse operated 269,000 premium savings deposits. Other deposits were up by 12.6 per cent to Sch26bn and commercial credits expanded by 7.6 per cent to Sch41bn.

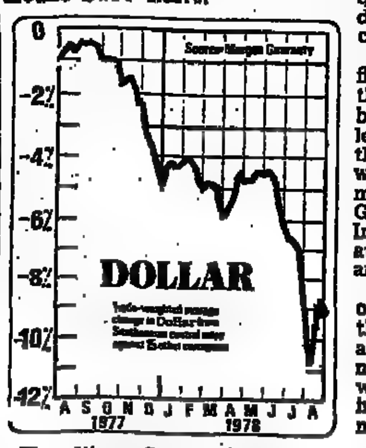
Erste Oesterreichische Spar-Casse reports that business in 1978 fulfilled expectations. Savings deposits were up by 4.6 per cent to Sch26.4bn. Deposits in schilling were up by 6 per cent to Sch38bn and total deposits including foreign exchange accounts rose by 4.4 per cent to Sch40.9bn. Since the takeover of the "Roessler Bank" the bank has also begun co-operation talks with provincial savings banks. During the next year or so it is planned to open 10 branch offices of the "Roessler Bank," which acts as the merchant banking arm.

Bawag, the Austrian union bank, reports an 8.6 per cent growth in total assets to Sch44.4bn. Director general Walter Floettl announced the projected opening of 23 branch offices in addition to the existing 34 branches. Loans were up by 6.9 per cent to Sch 26.6bn. Savings deposits rose by 12 per cent to Sch 9.1bn.

CURRENCY, MONEY and GOLD MARKETS

Dollar steadies in quiet trading

Activity in yesterday's foreign exchange market was at a generally low level ahead of the month end and the dollar showed comparatively little change against most major currencies. In early trading the U.S. currency looked slightly firmer although there was some speculation as to whether rates may have been held initially with official support. However movements tended to be exaggerated by the prevailing thin conditions and later in the day, the dollar began to slip away to finish at SwFr 1.6400 against SwFr 1.6460 in terms of the Swiss Franc, having touched SwFr 1.6500 at one point with a low for the day of around SwFr 1.6270.



The West German mark was also firmer at DM 1.9875 compared with Wednesday's close of DM 1.9890 with a best level for the dollar during the day of DM 1.9940.

The Japanese yen was slightly weaker at Y190.20 from Y189.10 previously. Using Morgan Guaranty figures at noon in New York, the dollar's trade weighted average depreciation narrowed slightly to 9.1 per cent from 9.2.

Sterling traded quietly for most of the day and opened at $1.9410-1.9420. Early strength in the dollar pushed the rate down to $1.9365 although the pound recovered in the early afternoon to $1.9425. It reached its best level soon after at $1.9455 and closed at $1.9430-1.9440, a rise of 25 points. Against other major currencies sterling showed little change, and on Bank of England figures, its trade weighted index was unchanged at 62.4 having stood at 62.4 at noon and 62.3 in early dealings.

BRUSSELS—The Belgian franc was fixed at its official floor level against the D-mark within the European "snake" at BFr 15.765. The Belgian Central Bank was seen to buy marks at the fixing although market sources attached little significance to this move. The Franc's return to its lowest permitted level was seen not so much as a result of any renewed speculation over a possible devaluation but more as a consequence of movement out of the dollar into the stronger European currencies.

FRANKFURT—The dollar was fixed at DM 1.9865 compared with the previous fixing of DM 1.9855 but was down against its earlier level of DM 1.9880. Apart from the occasional brief flurry, trading was generally quiet with end of month operations keeping most German banks out of the market. In later trading the dollar stood at DM 1.9870 with little to prompt any real movement.

ZURICH—With little in the way of fresh news to affect the market the dollar edged slightly firmer against most major currencies. At mid-morning the U.S. currency was quoted at SwFr 1.6470 and in terms of the West German mark at DM 1.9922½.

MILAN—After its recent poor performance the dollar was steady against the lira in light trading and was quoted at L835 compared with L835.3 on Wednesday. In later trading the dollar was quoted at Fl 12.1560.

AMSTERDAM—The dollar was fixed at Fl 2.1555 compared with Wednesday's fixing of Fl 2.1510.

TOKYO—In generally active but nervous trading, the dollar rose against the Japanese yen to close at Y190 compared with Wednesday's close of Y189.725. End of month considerations saw a late demand for the dollar after fairly steady conditions earlier in the day. The U.S. currency opened at Y189.60 and at one point touched Y190.75 before falling back towards the close on some slight selling.

THE POUND SPOT

Aug. 31	Bank rate %	Day's Spread	Close
U.S. $	[illegible]	1.9365-1.9455	1.9430-1.9440
Canadian $	[illegible]	[illegible]	[illegible]
Guilder	[illegible]	[illegible]	[illegible]
Belgian F.	[illegible]	[illegible]	[illegible]
Danish K.	[illegible]	[illegible]	[illegible]
D-Mark	[illegible]	[illegible]	[illegible]
Port. Esc.	[illegible]	[illegible]	[illegible]
Span. Pes.	[illegible]	[illegible]	[illegible]
Lira	[illegible]	[illegible]	[illegible]
Nrwgn. K.	[illegible]	[illegible]	[illegible]
French Fr.	[illegible]	[illegible]	[illegible]
Swedish Kr.	[illegible]	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]
Austria Sch	[illegible]	[illegible]	[illegible]
Swiss Fr.	[illegible]	[illegible]	[illegible]

Belgian rate is for convertible francs. Financial franc [illegible]

FORWARD AGAINST £

One month	% p.a.	Three months	% p.a.
[illegible]	[illegible]	[illegible]	[illegible]

Six-month forward dollar [illegible] 12-month [illegible]

THE DOLLAR-SPOT

August 31	Day's spread	Close
Canad'n $*	[illegible]	[illegible]
Guilder	[illegible]	[illegible]
Belgian Fr	[illegible]	[illegible]
Danish Kr	[illegible]	[illegible]
D-Mark	[illegible]	[illegible]
Port. Esc	[illegible]	[illegible]
Lira	[illegible]	[illegible]
Nrwgn. Kr	[illegible]	[illegible]
French Fr	[illegible]	[illegible]
Swedish Kr	[illegible]	[illegible]
Yen	[illegible]	[illegible]
Austria Sch	[illegible]	[illegible]
Swiss Fr	[illegible]	[illegible]

* U.S. cents per Canadian $.

FORWARD AGAINST $

One month	% p.a.	Three months	% p.a.
[illegible]	[illegible]	[illegible]	[illegible]

CURRENCY RATES

August 30	Special Drawing Rights	European Unit of Account
Sterling	[illegible]	[illegible]
U.S. dollar	[illegible]	[illegible]
Canadian dollar	[illegible]	[illegible]
Austrian schilling	[illegible]	[illegible]
Belgian franc	[illegible]	[illegible]
Danish kroner	[illegible]	[illegible]
Deutsche Mark	[illegible]	[illegible]
Guilder	[illegible]	[illegible]
French franc	[illegible]	[illegible]
Lira	[illegible]	[illegible]
Yen	[illegible]	[illegible]
Norwegian krone	[illegible]	[illegible]
Peseta	[illegible]	[illegible]
Swedish krona	[illegible]	[illegible]
Swiss franc	[illegible]	[illegible]

CURRENCY MOVEMENTS

August 31	Bank of England Index	Morgan Guaranty changes %
Sterling	[illegible]	[illegible]
U.S. dollar	[illegible]	[illegible]
Canadian dollar	[illegible]	[illegible]
Austrian schilling	[illegible]	[illegible]
Belgian franc	[illegible]	[illegible]
Danish kroner	[illegible]	[illegible]
Deutsche Mark	[illegible]	[illegible]
Swiss franc	[illegible]	[illegible]
Guilder	[illegible]	[illegible]
French franc	[illegible]	[illegible]
Lira	[illegible]	[illegible]
Yen	[illegible]	[illegible]

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Aug. 31	£	$		Note Rates
Argentina Peso	[illegible]	[illegible]	Austria	[illegible]
Australia Dollar	[illegible]	[illegible]	Belgium	[illegible]
Finland Markka	[illegible]	[illegible]	Denmark	[illegible]
Brazil Cruzeiro	[illegible]	[illegible]	France	[illegible]
Greece Drachma	[illegible]	[illegible]	Germany	[illegible]
Hong Kong Dollar	[illegible]	[illegible]	Italy	[illegible]
Iran Rial	[illegible]	[illegible]	Japan	[illegible]
Kuwait Dinar (KD)	[illegible]	[illegible]	Netherlands	[illegible]
Luxembourg Franc	[illegible]	[illegible]	Norway	[illegible]
Malaysia Dollar	[illegible]	[illegible]	Portugal	[illegible]
New Zealand Dollar	[illegible]	[illegible]	Spain	[illegible]
Saudi Arabia Riyal	[illegible]	[illegible]	Switzerland	[illegible]
Singapore Dollar	[illegible]	[illegible]	United States	[illegible]
South African Rand	[illegible]	[illegible]	Yugoslavia	[illegible]

Rate given for Argentina is free rate.

EXCHANGE CROSS-RATES

Aug. 31	Pound sterling	U.S. Dollar	Deutsche Mark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.944	3.865	370.0	8.455	3.188	4.195	1623.	2.238	60.85
U.S. Dollar	0.515	1.	1.989	190.4	4.350	1.640	2.158	835.	1.151	31.31
Deutsche Mark	0.259	0.503	1.	95.75	2.188	0.825	1.085	419.8	0.579	15.74
Japanese Yen 1,000	2.703	5.253	10.45	1000.	22.85	8.615	11.34	4385.	6.047	164.5
French Franc 10	1.183	2.299	4.571	437.6	10.	3.770	4.962	1919.	2.646	71.97
Swiss Franc	0.314	0.610	1.213	116.1	2.653	1.	1.316	509.0	0.702	19.09
Dutch Guilder	0.238	0.463	0.921	88.20	2.015	0.760	1.	386.8	0.533	14.51
Italian Lira 1,000	0.616	1.198	2.382	228.0	5.211	1.965	2.586	1000.	1.379	37.50
Canadian Dollar	0.447	0.869	1.727	165.4	3.779	1.425	1.875	725.1	1.	27.20
Belgian Franc 100	1.643	3.194	6.352	608.1	13.89	5.238	6.894	2666.	3.677	100.

EURO-CURRENCY INTEREST RATES*

Aug. 31	Sterling	Canadian Dollar	U.S. Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	9-9½	8¼-9¼	8⅝-8⅝	4⅛-4¾	1¼-⅜	3⅝-3½	7⅛-7⅜	9-11	[illegible]	[illegible]
7 day's notice	10⅝-11	8¼-9¼	8⅝-8⅝	4⅛-4¾	½-⅝	3⅝-3½	7⅝-7⅞	12½-13½	8⅛-8⅛	1⅛-1⅛
Month	11-11½	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	13-14	8⅞-8⅞	⅞-2⅛
Three months	11⅝-11⅞	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	13½-14½	[illegible]	[illegible]
Six months	11⅞-12⅛	[illegible]	[illegible]	6-6¼	1¼-1¼	[illegible]	[illegible]	14-15	[illegible]	[illegible]
One year	11⅞-12⅛	[illegible]	[illegible]	6⅛-6⅝	[illegible]	[illegible]	[illegible]	14¼-15¼	9¼-9⅜	[illegible]

The following nominal rates were quoted for London dollar certificates of deposit: One month 8.45-8.55 per cent; three months 8.65-8.75 per cent; six months 8.95-9.05 per cent; one year 9.05-9.15 per cent.
Long-term Eurodollar deposits: two years 9⅛-9¼ per cent; three years 9⅛-9¼ per cent; four years 9⅜-9½ per cent; five years 9⅜-9½ per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars: two days' notice for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

Dutch call money higher

Sweden's discount rate remained at 6½ per cent yesterday, following a Board meeting of the central bank. Economic conditions may lead to a fall to 6 per cent at some time this year, possibly in the autumn. At the beginning of this year the discount rate stood at 8 per cent.

The official Dutch call money rate was raised to 3 per cent from 1 per cent, as a result of tighter conditions in the money market following end of month withdrawals. One-month money, in Amsterdam rose slightly to 5½-5¾ per cent from 5-5½ per cent yesterday, but three-month eased to 6⅛-6⅜ per cent from 6½-6¾ per cent. Six-month money was unchanged at 6¾-7 per cent.

NEW YORK—More U.S. banks lifted their prime lending rates to 9¼ per cent yesterday, including Morgan Guaranty, following the move started by Chase Manhattan on Wednesday. Early Treasury bill rates were slightly lower, with 13-week bills easing to 7.48 per cent, from 7.49 per cent late Wednesday; 26-week bills to 7.64 per cent from 7.67 per cent; and one-year bills to 7.87 per cent from 7.88 per cent. Federal funds were quoted at 8⅛-8⅜ per cent, with some early intervention by the Federal Reserve in the form of overnight repurchase orders. One-month certificates of deposit rose to 8.15 per cent from 8.05 per cent, with two-month rising to 8.25 per cent from 8.20 per cent, and three-month to 8.38 per cent from 8.34 per cent.

HONG KONG—The money market was tight, with call money unchanged at 5½ per cent, and overnight rising to 5⅞ per cent from 5⅜ per cent.

PARIS—Money market rates were unchanged at 7 per cent for seven-day; 7⅛-7⅜ per cent for one-month; 7⅛-7⅞ per cent for three-month; 7⅞-7⅞ per cent for six-month; and 8⅛-8⅛ per cent for 12-month.

FRANKFURT—Interbank money market rates were unchanged at 3.45 per cent for call; 3.5 per cent for one-month; 3.7 per cent for three-month; and 4.15 per cent for six-month.

BRUSSELS—Rates for the Belgian franc (commercial) were unchanged at 6¾-6⅞ per cent for one-month; 7½ per cent for three-month; 7-7½ per cent for six-month; and 7½-7⅞ per cent for 12-month.

UK MONEY MARKET

Nervous trading

Bank of England Minimum Lending Rate 10 per cent (since June 8, 1978)

Conditions were fairly quiet in the London money market yesterday, but there is now a perceptible air of nervousness about trading, with discount houses probably looking towards improved yields on Treasury bills at today's tender. A general feeling that Bank of England Minimum Lending Rate is unlikely to fall in the near future now prevails, particularly in the light of firmer U.S. interest rates. Houses were therefore prepared to pay slightly more for deposit money yesterday, with the three-month rate rising to 9¾ per cent in places, but they were also rather reluctant to bid keenly for day-to-day money, prefering to sell some of their existing stock of bills to the authorities later in the day.

The amount of help was overdone by the Bank of England on Wednesday, and yesterday was expected to produce a slight surplus. The authorities bought a very large amount of bills from the houses once again however, and banks are expected to carry over further surplus balances today.

The market was helped by modest surplus bank balances yesterday, plus a small excess of Government disbursements over revenue payments to the Exchequer, and a slight fall in the note circulation. On the other hand there was a net take-up of Treasury bills to finance.

The authorities bought a large number of Treasury bills and a small amount of local authority bills, and following this discount houses picked up late balances at 5-6¾ per cent. In the interbank market overnight rates fell to 3-5 per cent at the close.

LONDON MONEY RATES

Aug. 31 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ɸ	Eligible Bank Bills ɸ	Fine Trade Bills ɸ
Overnight	—	3-9⅛	—	—	—	9¼	5 8¾	—	—	—
2 days notice	—	—	9⅛	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	9⅛	—	—	—	—
7 days notice	—	[illegible]	[illegible]	—	—	—	[illegible]	—	—	—
One month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	[illegible]
Nine months	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	—	—
One year	[illegible]	[illegible]	[illegible]	[illegible]	10	—	—	—	—	—
Two years	—	—	—	[illegible]	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days fixed. *Longer-term local authority mortgage rate nominally three years [illegible] per cent; four years [illegible] per cent; five years [illegible] per cent. ɸ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills [illegible] per cent; four-month trade bills [illegible] per cent.
Approximate selling rate for one-month Treasury bills [illegible] per cent; two-month [illegible] per cent; and three-month [illegible] per cent. Approximate selling rate for one-month bank bills [illegible] per cent; two-month [illegible] per cent; and three-month [illegible] per cent; one-month trade bills [illegible] per cent; two-month [illegible] per cent; and also three-month [illegible] per cent.
Finance House Base Rates (published by the Finance Houses Association) [illegible] per cent from September 1, 1978. Clearing Bank Deposit Rates (for small sums at seven days' notice) [illegible] per cent. Clearing Bank Base Rates for lending 10 per cent. Treasury Bills: Average tender rates of discount [illegible] per cent.

GOLD

Further rise

Gold continued to rise in yesterday's London bullion market and finished at $207¾-208¼, a rise of $1¾ an ounce. The metal opened at $207½-208¼ and was fixed during the morning at $207.30. Trading was moderately active with most business taking place in short sharp spells. Movements were still basically tied to the performance of the dollar and the afternoon fixing saw an improvement to $208.70. At one point the metal touched $208½-209 while the low for the day was around $206¾-207¼.

In Paris the 12½ kilo bar was fixed at Fr 29,150 per kilo ($208.28 per ounce) compared with Fr 28,960 ($206.53) in the morning and Fr 28,950 ($206.80) on Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 13,300 per kilo ($207.98 per ounce) compared with DM 13,145 ($205.97) previously.

	Aug. 31	Aug. 30
Gold Bullion (a fine ounce)		
Close	$207¾-208¼	$206-206½
Opening	$207½-208¼	$206.206½
Morning fixing	$207.30 (£106.812)	$206.80 (£106.003)
Afternoon fixing	$208.70 (£107.339)	$204.80 (£105.585)
Gold Coins domestically		
Krugerrand	[illegible]	[illegible]
New Sovereigns	[illegible]	[illegible]
Old Sovereigns	[illegible]	[illegible]
Gold Coins internationally		
Krugerrand	[illegible]	[illegible]
New Sovereigns	[illegible]	[illegible]
Old Sovereigns	[illegible]	[illegible]
$20 Eagles	[illegible]	[illegible]
$10 Eagles	[illegible]	[illegible]
$5 Eagles	[illegible]	[illegible]

MONEY RATES

NEW YORK	
Prime Rate	[illegible]
Fed Funds	[illegible]
Treasury Bills (13-week)	[illegible]
Treasury Bills (26-week)	7.64
GERMANY	
Discount Rate	3
Overnight	3.45
One month	[illegible]
Three months	[illegible]
Six months	[illegible]
FRANCE	
Discount Rate	9.5
Overnight	7
One month	7.25
Three months	7.375
Six months	7.8125
JAPAN	
Discount Rate	3.5
Call (Unconditional)	4.5
Bills Discount Rate	4.625

Asiadollar expansion slows

SINGAPORE, August 31.

EXPANSION OF the Singapore Asiadollar market slowed significantly in July, when total assets grew by $US 41.5m after a $1.02bn rise in June, the Monetary Authority of Singapore (MAS) said.

Provisional MAS figures showed that total assets of the Asiadollar market rose to $23.1bn in July from $23.05bn in June and $18.43bn in July last year.

MAS said the slowdown was mainly due to declines in inter-bank activity while non-bank customers' borrowings and deposits increased. Activity in the non-bank sector was largely with non-residents.

Interbank lending fell to $17bn in July from $17.1bn in June compared with $13.7bn in July 1977, while loans to non-bank customers increased to $5.5bn from $5.4bn in June and $4.3bn in July last year.

Non-bank customers' deposits rose to $2.6bn from $2.4bn and $2bn respectively, while inter-bank deposits fell to $19.5bn from $19.7bn and $16.1bn.

MAS said that during the month, another floating rate dollar negotiable certificate of deposit amounting to $15m was issued. On the Asiadollar bond market, a floating rate note issue of $40m was made.

Reuter

Earnings growth at Elron

By L. Daniel

HAIFA, August 31.

THE ELRON group of companies—among Israel's largest electronics producers—reports an 84 per cent increase in sales during the past year to $36m, of which exports accounted for 65 per cent. After-tax profits rose 136 per cent to $880,000, and it is proposed to pay a gross cash dividend of 10 per cent and 30 per cent in bonus shares.

The group includes Elbit Computers, Elscint and SDSI, the first of these expects to broaden international markets for its mini-computers this year, while Elscint is concentrating on selling abroad its nuclear equipment. SDSI makes electronic irrigation equipment.

A new company recently set up in partnership with U.S. interests is to produce fibre optics. It will specialise in the application of glass fibre technology in communications equipment.

Arabian Chevron

Arabian Chevron, a subsidiary of Standard Oil of California, has bought a 20 per cent stake in Saudi Cable Company, becoming the eighth partner in the $33m Saudi-American venture, agencies report from Jeddah. Saudi Cable was established two years ago in participation with Atlantic Richfield's Anaconda Company which also holds a 20 per cent share. The remaining 60 per cent is held by Saudi Arabian partners.

Japanese shipbuilder to cut dividend

BY CHARLES SMITH

TOKYO, August 31.

JAPAN'S leading shipbuilder Mitsubishi Heavy Industries, will probably suspend its interim dividend this autumn for the first time in the company's history and is likely to reduce its normal Y12 dividend next spring.

This was revealed today by the company's vice-president, Mr. Masao Suzuki, who also gave figures for expected ship sales during the first half of the company's financial year (to the end of September). Sales of ships will probably reach only Y127bn during the six-month period compared with Y265bn in the same period of last year, Mr. Suzuki said.

Mitsubishi's overall finance during the first half-year is put at Y570bn compared with 1978 half-year figure of Y740bn. The shipbuilding division of Mitsubishi is currently operating at 50 per cent of capacity and the company expects profits for the half year to be (virtually nil) though it is not forecasting a loss.

For the full year to April 1979 Mitsubishi expects sales to reach Y1,310bn and after-tax profits to be in the neighbourhood of Y10bn. The appearance of a profit in the second half of the year seems more likely to reflect accounting procedures than any real upturn in the company's business.

There seems, in point of fact, to be no reason to expect ship sales to improve before the end of the year.

Although Mitsubishi Heavy Industries is the first big shipbuilder to admit publicly that it may suspend its interim dividend, Japan's other big league shipbuilders seem almost certain to follow suit. The majority of the other companies are believed to be facing a worse business situation than Mitsubishi although their positions vary sharply depending on the share of shipbuilding in overall sales.

● Tokyo Sanyo Electric Company will issue 20m shares of new capital stock in the form of Continental Depositary Receipts (CDR), each consisting of 1,000 common shares. The issue will be made in Amsterdam on September 29 at a price yet to be set.

The Japanese sales company for Sanyo Electric issued 14m shares in CDR from last February.

Bombay Dyeing spending plans

BY R. C. MURTHY

BOMBAY, August 31.

BOMBAY Dyeing and manufacturing Company is embarking on a massive investment plan both within and outside the country. The company proposes to set up a Rs.340m ($44m) plant to manufacture 60,000 tonnes of dimethyl terephthlate (DMT) with a shift in favour of synthetics.

Under the new textile policy of the government, demand for polyester fibre and filament, for which DMT is the raw material, is expected to rise sharply. And the screening committee appointed by the government has already cleared the DMT proposal.

Bombay Dyeing is entering into technical collaboration and financial participation with Commonwealth Textiles (Jakarta) to set up a textile unit at Bandung, Indonesia. The company intends to subscribe to 40 per cent of equity capital, 40 per cent is coming from Commonwealth Textiles and 20 per cent from local Indonesians. The total cost of the venture is placed at $12m. Its gross annual turnover is expected to be $10m during the first phase of the project.

The company, which exports more than 20 per cent of textile production, is also undertaking a second modernisation plan. It is establishing a new Rs 23m textile processing plant at Roha, 120 km from Bombay, to cope with the expanding requirements.

In the 15 months ended last March, Bombay Dyeing's sales crossed the Rs 1bn mark. The improvement in sales an effective increase of 6.4 per cent was mainly due to a shift in product-mix towards high-priced and high-margin fabrics, especially synthetic blends. As a result, profits before tax rose by 50 per cent—from Rs 32.2m in 1976 to Rs 56.2m, which included an excess provision made in previous years. Profits after tax and other adjustments amounted to Rs 47.4m for the 15 months ended March, against Rs 17.8m for calendar 1976.

The company recommends a Rs 5 dividend (20 per cent) and the prospects for the company which entered its centenary year on August 23, look solid in view of the rising demand for textiles in home and export markets.

However, optimism is tempered given the impact of the new government textile policy, which envisages the shifting of the responsibility of producing cloth from the private sector mills to the government owned National Textile Corporation.

Indian Hotels moves to expand abroad

BY OUR OWN CORRESPONDENT

BOMBAY, August 31.

THE INDIAN Hotels Company, which operates the Taj Group of hotels, is expanding abroad. But Mr. J. R. D. Tata, chairman of the company, has good prospects to report on the home front as well.

The number of foreign visitors to India has more than trebled to 640,000 over the past decade but the room capacity of the Government-approved 287 hotels has only doubled to 18,000 in that period. According to the Hotel Review and Survey Committee appointed by the Government, an additional 28,000 rooms need to be provided by 1980 to accommodate the million visitors from abroad expected by then.

The tourist boom has improved the occupancy rate of Indian Hotels to a very noticeable degree. Its turnover rose from Rs 107.6m in 1976-77 to Rs 139.2m in 1977-78, while profits before tax doubled to Rs 36.3m. Due to India's "progressive taxation structure, profits after tax registered a 60 per cent rise. The company stepped up its dividend to shareholders by five percentage points to 25 per cent.

Its Fort Aguada beach resort in Goa has started operating at a profit and is expected this year to clear the losses carried forward from earlier years. The performance of Taj Coromandel Hotel in Madras has improved, to the extent that a profit for the current year is expected after meeting interest and depreciation charges.

Its 350-room hotel in New Delhi is almost ready and is to go into operation this year. The competition will be intense here since there are four hotels of international standard, including two Government-owned ones, already in existence there.

The company is planning to construct a 100-room hotel in the holy city of Varanasi (Benares) for international tourists. It is also providing management services to the West end hotel, Bangalore and the Savoy Hotel, Ootacamund.

A plea is made to the Government for priority status, which involves extension of fiscal and other benefits allowed to other industries. Industries now given priority status, says Mr. Tata, are of no greater importance to the country as regards their foreign exchange earnings and employment potential.

Israeli insurance company issues

BY OUR OWN CORRESPONDENT

TEL AVIV, August 31.

TWO MEDIUM-SIZED Israeli insurance companies are increasing their capital in order to keep pace with inflation which looks like reaching 40 per cent this year for the third year running. The Yardenia Insurance Company intends to sell I£10m NV of shares so as to raise I£25m, while the Phoenix Insurance Company is applying for registration on the Tel Aviv stock exchange. It intends to float an issue consisting of 20m shares of I£1 each and 600,000 shares of a nominal value of I£5 at an as yet undisclosed price.

Israeli store group's sales soar

BY OUR OWN CORRESPONDENT

HAMASHBIR le'Zarchan — the 12-department-store network belonging to the Israeli Co-operative Consumers Association—reports that its net profit in 1977 came to 1.5 per cent of turnover which amounted to I£380m. However, sales have soared since then, having risen to I£405m in the first half of this year, a rise of 110 per cent against the first half of 1977.

The second department store chain in the country, Supersol, which is Canadian-owned, is increasing its capital by the issue of 2.8m registered I£1 ordinary shares and 400,000 registered I£5 ordinary shares each, to be sold in units of seven I£1 and one I£5 shares. In addition the company will offer 2m registered I£5 ordinary share each to its employees, on as yet unpublished terms.

Bridge Oil strike lifts the market

By Our Own Correspondent

SYDNEY, August 31.

BRIDGE OIL and its two partners in the Boggo Creek No. 2 well in the Surat basin in Southern Queensland have struck oil, it was announced in a report to stock exchanges yesterday.

Bridges partners in the project are Offshore Oil N L and Allgas Energy. Bridge and Offshore Oil each have a 37.5 per cent interest in the well with the remaining 25 per cent held by Allgas, which is a Brisbane gas utility. Allgas earned its interest in this its first drilling venture with Bridge and Offshore by paying for the drilling. It has an agreement with Bridge, Offshore and International Oil to buy up to 566m cubic metres of natural gas from the consortium's Silver Springs-Boxleigh gas field if the reserves prove more than 1,132m cubic metres.

News of the oil find sparked a sharp flurry of activity on national sharemarkets.

Both Bridge and Offshore shot ahead when the news reached traders. Bridge traded strongly to surge to a high of A$1.52 before easing to close at 1.48—up 35 cents on the day. Offshore also jumped from Wednesday's close of 7 cents to end the day at 11 cents on strong turnover. Allgas was untraded in Sydney but stronger on the quotes there. It soared 45 cents to A$2 on its home exchange of Brisbane. The rally in the oil stocks took National markets to 1978 peaks and held the Sydney exchange at a five-year high.

Slight fall at Calcutta Colon

By P. C. Mahanti

CALCUTTA, August 31.

CALCUTTA Colon, originally a British American Tobacco offshoot but no longer a subsidiary of any foreign company, to quote the latest annual report, has been maintaining its record of sales growth.

During the year ended March, turnover totalled Rs 3.85bn compared with Rs 3.67bn. However, the pretax profit for the year eased to Rs 84.4m from Rs 87.3m due to higher interest costs. A final dividend of 15 per cent has been declared the same as for the previous year.

The annual report says that sales of tobacco products grew by 4 per cent despite the stiff rates of excise levied, and leaf tobacco exports were a record Rs 284m compared with Rs 260m.

The hotel division of the company has launched three hotels at New Delhi, Agra and Madras and has been offering technical and operations consultancy to six new hotels promoted by other interests.

Vickers down in Australia

VICKERS, MANUFACTURING of heavy mining and industrial equipment, suffered an 11.7 per cent dip in earnings, from A$1.18m to A$1.04m in the June half-year writes James Forth from Sydney. Group turnover however, rose almost 37 per cent from A$30.7m to A$41.9m, largely reflecting the inclusion of sales from Vickers Cockatoo Dockyard, acquired recently from the UK parent.

The directors said that Vickers Cockatoo Dockyard's contribution to profit since acquisition on January 2 was A$173,000 compared with A$268,000 for the same period last year. They said that the bulk of the dockyard sales was made up of cost plus work for the navy, which resulted in a very satisfactory return on capital employed, but had the effect of reducing the return on group sales.

Profit was also down because of losses incurred by sections of the group's steel foundry business as a result of inadequate shop loadings. The overall market situation remained extremely competitive and profit margins in general were unsatisfactory.

McPherson's decline slows

By Our Own Correspondent

SYDNEY, August 31.

THE MELBOURNE-based engineer and metal merchant, McPherson's Ltd, has reduced its profit slide from a disastrous 45 per cent drop in the first half to a 5 per cent dip in the latest half for a 26.9 per cent fall from A$5.18m to A$3.79m in the year to June 30.

The directors propose to hold the dividend steady at 5 cents a share after an interim payout of 2 cents and a final of 3 cents a share.

The latest result is a sharp setback after the group's performance last year when profit rose 44 per cent to A$5.18m. Interim earnings fell 45 per cent from A$2.82m to A$1.55m while the second-half profit slipped 5.2 per cent from A$2.36m to A$2.24m.

Sales increased by 1.6 per cent from A$153m to A$155m. Commenting on the result, the directors said: "Weak demand for most products and services prevailed during the year, particularly in those businesses dependent on manufacturing and metal-processing industries. Sales in these areas were lower than anticipated and were further depressed by the Victorian power strike.

Mixed fortunes for steel companies

BY OUR OWN CORRESPONDENT

JOHANNESBURG, August 31.

TWO of South Africa's biggest private sector steelmakers reported sharply divergent results this week. Against a slowly reviving economy, Highveld Steel and Vanadium, a member of the Anglo-American Group and a perennial profit-maker, recorded a 15 per cent fall in pre-tax profit, while the marginally profitable Union Steel Company improved pre-tax profits 500 per cent off a low base.

Highveld's pre-tax profits retreated from R33m to R28m ($32m) in the year to end June, but substantial investment allowances against the new R80m plate mill reduced the deferred tax charge from R11m to R6m. Attributable profits actually gained 1 per cent to R21m. The dividend was raised from 15 cents to 16 cents.

Union Steel profited from a surge in demand for special steels, especially from the fast-recovering motor industry, and increased pre-tax profits from R664,000 to R3.8m ($4m) in the six months to end June.

Highveld's production of vanadium and ferro-alloys largely for the export market has shielded it partially from the effects of the domestic recession of the past three years, and profits have improved consistently over the period. Now export markets have weakened owing to protectionism in world steel and particularly to the American trigger price mechanism. At the same time, the group has just commissioned an R80m plate mill, and domestic demand for flat steel remains weak.

Highveld has avoided a forecast for the current year, but a tone of pessimism prevails. The share price of 200 cents put the company on a yield of 8 per cent compared with the average industrial dividend yield of 7.9 per cent. A year ago, Highveld stood at a substantial premium to the market.

Union Steel does not expect as good a performance in its second half, and is still far short of its profitability of two years ago when it earned operating profits of R16.5m. The second half is traditionally the quieter half, and wage increases, mainly for black workers, are expected to cost an additional R1m during the period. The management complains that these are being granted across the industry for socio-political reasons, and that productivity has not kept up.

Union Steel passed its dividend last year, but is expected to pay about 3 cents this year even though cash will be needed for capital expenditure and the repayment of borrowings. At 49 cents, it yields a prospective 6.1 per cent.

Anglo-Alpha profits down

BY OUR OWN CORRESPONDENT

JOHANNESBURG, August 31.

FURTHER evidence that the current mini-boom in consumer spending has not been fully felt in the primary sector was provided by the result of Anglo-Alpha Cement, South Africa's second biggest cement producer, and Cullinan, one of the major suppliers of refractories and electrical porcelain goods.

Anglo-Alpha's operating profits declared 7 per cent to R29.5m in the year to end June. Interest costs rose 97 per cent from R3.9m to R7.7m and pre-tax profits took a 49 per cent dip from R12.6m to R6.4m. Investment allowances against new plant caused the tax charge to fall from R4.2m to R800,000 and the attributable profit fall was held to 23 per cent at R5.6m. The dividend is held at 13 cents.

Main causes of the fall in operating profits were weak demand for cement and a slump at the quarry operators Hippo Holdings.

A cement price increase was granted by the price controller towards the end of the financial year and observers expect that this, and a trend towards concrete freeways in South Africa, should prevent profits and the share price falling far from current levels. The current price is 130 cents and the yield 10 per cent.

Cullinan Holdings increases profit

BY OUR OWN CORRESPONDENT

JOHANNESBURG, August 31.

PRELIMINARY RESULTS for the year to June 30 from Cullinan Holdings, South Africa's second largest refractories producer, give the second indication this month that the local industry is improving. After first-half turnover of R16.2m, better export and domestic markets helped boost second-half turnover to R24m. (Operating profit improved 75 per cent on the first half to R3.5m for a total of R5.5m at the pre-tax level. After two years of pegged dividends, the higher attributable taxed profit of R2.9m against R2.4m have resulted in a 1 cent dividend increase to 14 cents.

Cullinan's sales improved by 17 per cent to R14.63m in the year to end-June but operating profits fell by 2 per cent to R5.4m. A lower tax rate and reduced losses by associates and minorities alowed earnings to increase by 23 per cent to 35.6 cents and the dividend is increased from 13 to 14 cents. Margins deteriorated due to start-up costs in he new electrical porcelain factory and small losses in the new Andalosite mine. With order boks full, as steel makers and electricity suppliers restock after the slump, the group is confident of restoring former margins and this bodes well for future profits. At 195 cents the shares yield 7.2 per cent and are expected to go higher.

APPOINTMENTS

Hong Kong: the problems caused by a domestic boom

By ANTHONY ROWLEY in Hong Kong

LIKE THE stock market and the property market, the Hong Kong economy as a whole has been booming this year and when the Financial Secretary, Mr. Philip Haddon-Cave, makes his economic assessment speech on September 9 he may well stress the need to avoid overheating.

The actions he can take at his mid-term review of the economy (the annual budget is presented in March) are likely to be circumscribed by the relatively high level of activity which the Government itself has engineered in the public sector. The Hong Kong economy is traditionally export-led, although at the moment it is being sustained largely by domestic activities. Apart from a substantial increase of social services expenditure (funded from revenue surpluses of previous years) in the last budget, there is the continuing heavy commitment to the mass transit railway system.

Domestic activity in the private sector too is high at present with a substantial number of major construction projects—many of them associated with the railway system—straining the labour market and helping to drive up employment and wages to a point where inflation is accelerating and consumer spending is sucking in more imports. The trade deficit continues to widen as a result.

Hongkong and Shanghai Banking Corporation — the colony's major financial institution and quasi central bank—recently gave a warning about the dangers of overheating implied by these symptoms. What the bank says often goes in Hong Kong. For good measure, the Hong Kong Bank's subsidiary, Hang Seng Bank, added its own observations that the current level of domestic activity, "might prevent the local cost-price structure from adjusting sufficiently to overseas market demand, thus making Hong Kong products less competitive in price."

In other words, some people are afraid that the classical "corrective mechanism" which has been allowed to operate in the past to cool down Hong Kong's open and *laissez-faire* economy — i.e., letting unemployment rise to the point where wage costs make exports more competitive again and cause imports to fall — may not work so easily now that the domestic sector looms larger against the traditional export sector.

The colony's export performance has been quite favourable this year with domestic exports (mainly textiles and garments, toys, and electronic products) and entrepôt re-exports rising about one-tenth by value in the first half of the year. Imports —mainly of raw materials, semi-manufactured goods, consumer goods, food and fuel — rose rather faster, with the result that the visible trade deficit widened to $HK5.4bn (about £600m) in the first seven months against $HK3.1bn in the corresponding period of 1977.

The big question is how the trends will move from here. Rising imports of capital goods in the first half point to improved investor confidence, which points towards an improvement to exports later in the year. But consumer spending and the related imports are also rising, lifted by increased incomes. GDP *per capita* last year comfortably exceeded the US$ 2,000 mark above which a pick-up in consumer demand can be noted internationally.

While exports, particularly those of textiles, have been strong so far this year, the reduction of textile quotas or their equivalent in European and U.S. markets will pose a threat once recovery from the slack performance in 1977 brings exports up against those quotas. There is also a suspicion that export demand so far this year has reflected inventory replenishment rather than the healthy world trade outlook which the Hong Kong economy depends on.

Mr. Philip Haddon-Cave.

One bright spot is that Hong Kong's traditional role as an entrepôt for the China trade is likely to increase as China turns increasingly to foreign trade to modernise its economy and abandons self-reliance. This trend has caused the increase of re-exports during 1978. Hong Kong's invisible earnings have already begun to benefit as the colony becomes the gateway for increasing numbers of foreign tourists visiting China.

China has also done just about all it can recently (short of saying so explicitly) to demonstrate that it is prepared to tolerate the existence of a capitalist enclave on its doorstep well beyond the expiry of the official lease on the Hong Kong New Territories in 1997.

Agents of the Chinese Government have invested quite heavily in Hong Kong property ventures recently, and Peking has indicated to its banks here that they may participate fully in the colony's financial markets. The psychological boost given by these measures, along with a liberal expansion of the money supply and the low cost of money, have caused something approaching a runaway boom in the stock market and the property market.

The trouble is that these events are seen as further manifestations of overheating in the economy, dependent partly upon foreign funds which could be withdrawn suddenly if the boom is not controlled.

The hectic activity in the Hong Kong gold market in recent weeks could well slacken too once the U.S. dollar ceases its decline.

Offshore banking transactions conducted from Hongkong have declined markedly since Mr. Haddon-Cave announced his controversial plans to catch them in the corporate taxation net. In all, the outlook for external capital flows into these sectors looks uncertain to say the least.

The exchange rate of the Hong Kong dollar has been declining steadily. It fell by around 5 per cent on a trade weighted basis in the first half of the year, leaving manufacturers here to foot a higher import bill for raw materials and capital goods from mainly strong-currency areas, while the bulk of their exports were to weak-currency areas.

Those are the elements making for the conflicting options facing the Government. A tighter money policy (which would have to be achieved by increasing the prime lending rate from its present 6 per cent, as there is virtually no domestic government borrowing to influence money market rates) would probably damp down the boom which is driving up the price of land, one major factor of production, and also cool down the stock market. However, dearer money might also stifle productive investment, which has been so encouraging this year. If it also strengthened the Hong Kong dollar, that in turn might adversely affect exports and widen the trade deficit.

Some people in Hong Kong are of the view that the Government should abandon its traditional *laissez-faire* policies in favour of more active intervention in the economy. An official committee on diversification is currently looking at whether the productive base of the economy needs broadening, something which could be expected to raise export output to the point where it could absorb the sort of social expenditures now being made and provide a hedge against unemployment or wage cutting in traditional export sectors. Labour has always had to be the "flexible" factor of production. Mr. Haddon-Cave will probably be able to report GDP growth so far this year around two points ahead of the officially projected 9 per cent, but a more diversified economy could mean more balanced growth.

CONTRACTS AND TENDERS

LEGAL NOTICES

IN THE MATTER OF THE COMPANIES ACT, 1948
and
IN THE MATTER OF
ADLOH ERECTORS LIMITED
Registered Office:
Firswood House,
Kingston Vale,
London, S.W.15

NOTICE IS HEREBY GIVEN pursuant to Section 293 of the Companies Act, 1948, that a MEETING of the CREDITORS of the above named Company will be held at 33, Clifford's Inn, Fetter Lane, London EC4A 1AH, on 12th September, 1978, at 11.30 a.m. for the purpose mentioned in Section 294 et seq of the said Act.

DATED this 25th day of August, 1978.
By Order of the Board.
W. CHILDES, Director.

IN THE MATTER OF THE COMPANIES ACT, 1948
and
IN THE MATTER OF
MILNER CHURCHILL LIMITED
(in Creditors' Voluntary Liquidation)

NOTICE IS HEREBY GIVEN pursuant to Section 299 of the Companies Act, 1948, that a General Meeting of the Members of the above-named Company will be held at the offices of Floyd Nash and Co., 33 Clifford's Inn, Fetter Lane, E.C.4, in the City of London on Monday the 2nd day of October, 1978 at 3 p.m. to be followed at 3.15 p.m. by a General Meeting of the Creditors for the purpose of receiving an account of the Liquidator's Acts and Dealings and of the conduct of the Winding-Up to date.

R. S. FLOYD, Liquidator.
Dated this 23rd day of August, 1978.

No. 002608 of 1978
In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of PAN COMBINE LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by The High Court of Justice was on the 16th day of August 1978, presented to the said Court by JOHN F. D. WEST LIMITED who are a company in Voluntary Liquidation and whose Liquidator is B. Mills of Booth White & Co., 1, Wardrobe Place, Carter Lane, London EC4V 5AJ, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL on the 16th day of October, 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

WM. F. PRIOR & CO.,
Temple Bar House,
23/28, Fleet Street,
London, EC4Y 1AA.
Ref: TB/7795.
Tel: 01-353 3571.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 13th day of October 1978.

COMPANY NOTICES

CORRECTED NOTICE

CREDIT LYONNAIS
1977/1983
U.S.$80,000,000—Floating Rates

Bondholders are hereby informed that coupon No. 4 of the above loan will be payable as from February 13, 1979, at a price of US$46.43 per coupon, representing 187/360th of an interest of 8 15/16% per annum and covering the period from August 10, 1978, to February 12, 1979, inclusive.

The Fiscal Agent.
CREDIT LYONNAIS—LUXEMBOURG.

IMPERIAL GROUP LIMITED

NOTICE IS HEREBY GIVEN that the Transfer Books of the 5¼% Unsecured Loan Stock 1982/85 of Imperial Group Limited will be closed from 17th to 30th September, 1978, both days inclusive, for the preparation of interest warrants.

By Order
P. M. DAVIES,
Group Secretary.

London
1 September, 1978.

BLUE CIRCLE INDUSTRIES LIMITED
(formerly The Associated Portland Cement Manufacturers Limited)

NOTICE TO HOLDERS OF BEARER WARRANTS

NOTICE IS HEREBY GIVEN to the holders of the Company's Ordinary Stock Warrants to Bearer that an Interim Dividend of 3.22% on account of the year ended 31st December, 1978 will be paid on or after Monday, 16th October 1978 to holders of Bearer Warrants upon presentation of COUPONS NO. 35.

Warrant holders who are employees of Blue Circle Industries Limited or any of its Subsidiary Companies, should follow the instructions shortly to be displayed on Company notice boards; warrant holders who are not employees must present their COUPONS NO. 35 to the Company at the address shown below through an Authorised Depositary, eg Banker, Solicitor or Stockbroker, on or after 16th October, 1978.

By Order of the Board,
H. W. R. HAM, Secretary.

Portland House,
Stag Place,
London, SW1E 5BJ.
1st September, 1978.

NU-SWIFT INDUSTRIES LTD.

NOTICE IS HEREBY GIVEN that the Register of Members and Transfer Books of the Company will be closed from the 15th September, 1978, to the 25th September, 1978, both dates inclusive.

By Order of the Board.
KENNETH WOOD, Secretary.

Nu-Swift Factory,
Elland,
West Yorkshire.
Transfer Office:
Hope, Agar & Co.,
Epworth House,
25-35, City Road,
London EC1Y 1AR.

BOND DRAWINGS

CITY OF OSLO
9¼% 1975/1985
UA 25,000,000 Loan

Bonds for the amount of UA 750,000 have been drawn on August 21, 1978 in the presence of a Notary Public for redemption on October 15, 1978.

The following Bonds will be reimbursed coupon due October 15, 1979 and following attached:
19,860 to 20,609 incl.
Amount unamortized: UA 22,750,000
Outstanding Drawn Bonds:
1838 and 1839, 1975, 1980 to 1982 incl., 2004 to 2016 incl., 2024 to 2026 incl., 2055, 2088 to 2107 incl., 2196, 10965 to 10970 incl., 11053 to 11056 incl., 11063 to 11083 incl., 11152 to 11157 incl., 11169 to 11172 incl., 11174 to 11185 incl., 11186 to 11189 incl., 11197 and 11198, 11201 to 11207 incl., 11214 to 11227 incl., 11240 to 11247 incl., 11250 to 11260 incl., 11419 to 11436 incl., 11441 to 11444 incl., 11643, 11590, 11603 and 11604, 11613, 11652 to 11661 incl.

Luxembourg,
September 1, 1978.
THE FISCAL AGENT
KREDIETBANK
S.A. Luxembourgeoise

STANDARD OIL COMPANY
UA 40,000,000 8%
1973/1988

On August 21, 1978, Bonds for the amount of UA 1,600,000 have been drawn in the presence of a Notary Public. This amount represents the annual instalment of UA 800,000 plus a prepayment of the same amount pursuant to the terms and conditions of the Bonds.

The following Bonds will be reimbursed coupon due October 15, 1979 and following attached:
28888 to 29037 incl., 29047 to 29104 incl., 29138 to 29291 incl., 29338 to 29819 incl., 29879 to 29984 incl., 30015 to 30664 incl.
Amount unamortized: UA 35,200,000
Luxembourg.
September 1, 1978.
THE TRUSTEE
FINIMTRUST S.A.

CONTRACTS

Oxygen for Botswana

AIR PRODUCTS has been awarded a contract by BCL for the design and manufacture of an oxygen producing plant with a capacity of 220 metric tons per day of contained oxygen at 95 per cent purity. The air separation plant, valued at over £2m, will be used for oxygen enrichment, of air supplies to BCL's copper and nickel smelting plant in Selibe Pikwe, Botswana.

★

British Airports Authority has awarded a £1.2m contract to GEORGE WIMPEY AND COMPANY for the construction of a new 18,000 sq metre general aviation apron to the north of the fuel farm at Gatwick Airport.

The existing 10,000 sq metre general aviation apron will be isolated from the taxiways because of the redevelopment of Gatwick's North Pier to handle wide-body aircraft. It is essential to provide an alternative parking area for business and other light aircraft before the North Pier redevelopment can begin. The construction, incorporating aircraft pavements, associated roads, car parks and pedestrian subways, should be completed by next summer.

★

MILLER BUCKLEY CONSTRUCTION Rugby has secured contracts in the Midlands with a total value exceeding £1m. They include a new theatre at Stratford-on-Avon, to be built for Heritage Theatre Series at a cost of £380,000; a £300,000 model shop for Marconi at Leicester; office refurbishment for Alfred Herbert at Coventry costing £325,000; and 23 flats for the elderly to be built for Rugby Corporation at Wolston at a cost of £220,00.

★

Through its German subsidiary, DOWTY HYDRAULIC UNITS has secured a £650,000 export order from Deutsche Bundesbahn for the Dowty system of continuous wagon speed control. This system, developed for use in railway marshalling yards, employs multiple self-contained hydraulic retarders.

★

A £540,000 road works contract in the Gorse Covert area of Warrington Development Corporation's Birchwood district has been awarded to KENNEDY CIVIL ENGINEERING, Wythenshawe, Manchester. The contract will take about a year to complete.

★

LESSER CONSTRUCTION is to design and build a 3,098 sq metres steel-framed warehouse with integral offices for RHM Flour Mills at Theale, near Reading. Work on the £472,000 project, for occupation by RHM Foods, should be completed in early July, 1979.

★

The digital systems division of BABCOCK CONTROLS has won a contract to supply an Abacus 3/10 computer-based control system for the 80,000 tonnes per year tall oil fractionation plant under construction at Sandarne for Bergviks Hartsprodukter AB of Soderhamn, Sweden. Contract value is about £200,000.

BIDS AND DEALS

Lyons looking for recovery

Mr. Neil Salmon, chairman of J. Lyons and Co., made it quite clear yesterday in his letter recommending the offer from Allied Breweries, that he did not intend to forecast the year's profits when he told shareholders of his hopes for the company at the annual meeting.

At that meeting, only a week before the announcement of Allied's bid, Mr. Salmon had told shareholders: "In the year ended March, 1977 we reported pre-tax profits of £10.4m for the full year and £4.6m in the first 24 weeks; in the current year we expect to improve significantly upon those results."

Now Mr. Salmon says that his earlier statement was only meant to encourage shareholders to expect a restoration of dividend levels. "I was not intending to forecast the likely level of profits for the year."

Apparently there are too many variables to permit such a forecast although, one now pin-pointed—the weather—was taken into account in the earlier statement.

Apart from this explanation, which it is believed involved discussions with the Takeover Panel, Mr. Salmon merely reiterates his belief that the merger will "accelerate an already encouraging trend" in Lyons' profitability.

Mr. Keith Showering, chairman of Allied, seems also to be counting on strong recovery in his covering letter when he says that he is firmly of the opinion that the acquisition of Lyons would enable the company "to achieve . . . a higher return on capital for Allied's shareholders by the acquisition of Lyons than would otherwise have been possible."

Mr. Showering's letter is virtually identical to the advertisement which Allied placed in several national newspapers last week at the time when the pension funds' anger over the company's refusal to consult shareholders was at its peak.

Yesterday's documents include the recommended offers for Lyons' preference shares which will cost Allied just under £700,000 in cash. Warrant holders, like the ordinary holders, are being offered new Allied shares. This will increase Allied's ordinary capital by 12 per cent.

The documents also include a pro forma balance sheet based on the two companies' year end positions. The financial advisers, Samuel Montagu for Allied and Morgan Grenfell and Rothschild for Lyons, point out, however, that this does not purport to cover the current financial position.

Allied's total borrowings, for instance, were £242m at the year end. On July 28 they had risen to £267m, but this was before the sale of the Trust House Forte stake for £48.4m.

Lyons' borrowings fell from £235m at the March year end to £217m at the end of July.

Tridant in more talks

Williams, Glyn and Lazard Brothers announced that talks are taking place which could lead to an offer being made for Tridant Group Printers, and this would have the recommendation of the independent directors of Tridant.

With the consent of the Takeover Panel, the Starwest Investment Holdings' second offer of 80p announced on August 29 will not now be posted tomorrow.

A further announcement will be made early next week.

WOODHOUSE AND RIXSON BUYS WICKER WIRE

Woodhouse and Rixson (Holdings) has acquired Wicker Wire Products of Sheffield for £175,000 cash and a deferred consideration equivalent to two and a half times the amount by which the average of the pre-tax profits of Wicker for the three years ending December 31, 1981, exceeds £55,000. This deferred consideration is subject to a maximum payment of £65,000.

Wicker mainly produces precision springs used in the automotive and engineering trades. For 1977 Wicker's pre-tax profit was £30,896 and net assets at balance date were £26,493.

APPLEYARD SALE

The Appleyard Group of Companies has sold its Carlisle subsidiary to another British Leyland motor dealer in the town, Dias and Co.

The deal, which was foreshadowed in January, results from the concentration of outlets for BL's ranges of cars. The price, which will finally be based on the subsidiary's assets at August 31, will represent net asset value. So far some £670,000 in cash has been received. The subsidiary made pre-tax profits of £34,210 in the year to December.

Appleyard, which has itself made several acquisitions in the past 12 months, says the cash from the Carlisle sale will be used to reduce borrowings—£7.2m in the last balance sheet.

W. G. FRITH

The increased offers for W. G. Frith from Frith Foils will remain open until further notice.

Acceptances to date have been received in respect of 307,030 Frith ordinary shares (38.5 per cent). These acceptances, together with the 197,376 Frith ordinary shares owned by Foils represent 504,806 Frith ordinary shares (96.1 per cent).

● LAING RECONSTRUCTION

An impressive case

BY JOHN BRENNAN, PROPERTY CORRESPONDENT

On October 30 there will be two Laing businesses quoted on the Stock Exchange. Details of John Laing and Son's proposals to reconstruct the group, forming separately quoted construction and property companies, are sent to shareholders today. But as the Laing family and its associates plan to vote in favour of the scheme, the meetings on September 26 should be little more than a formality.

The Laings and family associated companies control 65 per cent of the ordinary shares and 48.3 per cent of the non-voting "A" shares (which get a vote just for the reconstruction plan). With these in favour, and a firm recommendation to shareholders from their Board and its financial advisers, N. M. Rothschild and Sons, there should be no trouble attracting sufficient outside backing to make up the three-quarters vote needed.

Not that minority holders are likely to object to the plan. In its commendably clear explanation of the proposals, Laing puts a cast iron case for the division of the business.

Sir Maurice Laing, the chairman, explains that there is both commercial and investment logic in the move.

In recent years Laing, in common with the rest of the construction industry, has had to agree to contract guarantees covering the whole of the group's business.

Speaking about this yesterday he pointed to the stupidity of the situation where, as in a recent tender for a £½m project, contractors were expected to give across-the-board guarantees. Laing would have had to put on charge all its assets in exactly the same way as a £30,000 building firm competing for the job. Sir Maurice feels that as guarantees become standard, and contracting schemes larger, it is unreasonable to leave the property operation vulnerable to a contracting risk.

As an investment move he argues for the reconstruction saying that, in his view, the range of Laing's activities, "has tended to mask its true value in stock market terms. . . . Separation of two very distinct activities will allow the investment community to value each individually on its own merits."

Sir Maurice also feels that Laing's image as a construction group leaves the size of its property business unrecognised and as "both of these businesses are managerially and financially thoroughly capable of standing on their own feet. . ." the division will be structurally simple.

Sir Maurice and Sir Kirby Laing dismiss suggestions that the move is to improve the marketability of the shares so that the family can more easily reduce its holdings. "We have no intentions of that sort at all," says Sir Kirby.

Speculation that the idea anticipates any future moves to nationalise the contracting industry may be nearer the mark. But whatever the underlying thinking, the case for reconstruction is impressive.

The plan is to form one new company, John Laing Limited, to incorporate Laing's construction, homes and construction material businesses. Sir Maurice would be chairman of the new company and Sir Frederick Catherwood has agreed to become a non-executive director. Laing Properties, chaired by Sir Kirby and including Mr. Leopold de Rothschild among its non-executives, would run Laing's property investment and development activities.

Based on 1977 results, the construction company would have had a turnover of £418m and pre-tax profits of £16m. On a June, 1978, valuation its net assets would be £49.8m, or 92p a share.

A worldwide revaluation of Laing's properties boosts the gross book worth from £47.9m (mainly on an eight-year-old valuation) to £123.2m. Net assets amount to £84.1m or 156p a share, against total property debt of £33.4m.

The property side has 300,000 sq ft of completed but empty offices in Birmingham, Bristol and Brentwood costing it £1.1m a year in uncovered holding costs. Allowing for that temporary revenue drain, the property company's net rental income this year is expected to be not less than £3.65m.

Shareholders, who are offered one share in each of the new companies for every existing Laing share, are promised an effective dividend increase of 67.3 per cent over 1977's pay-out. Instead of a normal interim dividend, the group will pay 2p net per share on October 5, and next June, in the absence of unforeseen circumstances, it plans to pay not less than 1.5p a share net from the new construction company and 1.75p a share from the property company. That makes a total of 5.25p net, 7.835p gross, for the equivalent of every existing Laing share.

The Inland Revenue has agreed that the proposals do not constitute a taxable disposal. And the Capital Gains Tax base for the new shares will be measured by an apportionment of base cost, split in the ratio of the respective market values of the new shares on their first day of trading.

The timetable for the scheme has the shareholders' meetings on September 26, the High Court petition on October 23, and October 27 as the operative date for the scheme. Monday October 30 should be the first day of dealings in the new stock. Both companies will have December 31 year-ends.

Laing's shares rose 13p to 226p yesterday, 22p below the updated, combined net assets of its construction and property businesses. Circulation of the reorganisation proposals should provide additional support for the group, with one possible reservation, and that is the controversial decision to retain a class of non-voting shares in the new companies. But then, with 65 per cent of the voting stock to hand, the Laing family can afford to go against the City tide and, given the effect of the scheme on the share price, minority shareholders are unlikely to object.

See Lex

Baird & Tatlock sale in hand

BY ANDREW TAYLOR

G. D. Searle, the U.S. pharmaceutical and hospital products group which has announced plans to unload around 20 of its businesses—including four in the UK—is currently negotiating the sale of its British subsidiary Baird and Tatlock and its bioscience division to a German group E. Merck.

Searle when it announced the disposal programme—through a combination of sales and winding-up—said that it wanted to concentrate on its original and more successful pharmaceutical interests. This puts into reverse the group's policy of diversification which was most active during the 1960s.

Twelve of the businesses affected are in Europe, including the four UK operations. Searle said yesterday that it had already disposed of one of its UK operations but declined to give further information.

The U.S. group is to maintain its pharmaceutical and hospital products divisions in the UK.

Baird and Tatlock based in Essex supplies laboratory equipment and fine chemicals, with net assets said to be £6¼m. Merck, which already has laboratory equipment interests in the UK, is a pharmaceutical group based in Darmstadt.

Last year Searle incurred a net loss of $28.4m (£14.6m) but this was after write-offs and losses totalling $63.8m (£32.8m) against the businesses to be discontinued.

However, in the first half of the current year net earnings from the remaining businesses increased by 7 per cent to $33.4m (£17.2m).

ASSOCIATE DEALS

Joseph Sebag on August 24 bought 25,000 South Crofty at 58p on behalf of associates of South Crofty.

E. B. Savory Milln bought 30,000 Weston Evans ordinary shares at 158p and 10,008 at 157p on August 29, and 15,000 at 157p on August 30 on behalf of Johnson and Firth Brown.

SHARE STAKES

W. Lovex—Menin Properties and Associates are now interested in 1,072,800 shares.

British Borneo Petroleum Syndicate—Rothschild Investment Trust has reduced its holding to 170,780 shares.

Cooper Industries — Cooper Finance, a company controlled by Mr. John Charles Cooper, has acquired 3m ordinary shares (9.7 per cent). Mr. Cecil Charles Cooper has sold 3m ordinary shares.

Danish Bacon—Ess-Food, of Copenhagen, has acquired 464,929 "B" shares (10.23 per cent of this class and 11.22 per cent of total voting capital).

Crellon Holdings — Nytronics Inc. acquired 2m 12 per cent conv. cumulative participating preferred red. shares on July 18.

AGB Research—D. M. W. Arrie and R. H. Gapper, directors, have disposed of 5,000 and 10,000 shares respectively.

Elliott Group of Peterborough—A. W. Houston, director, bought 30,000 shares on August 24 and Mrs. Houston bought 20,000 also on August 24. T. H. Ison, director, bought 2,000 shares on August 25, and P. E. Smeeth, director, bought 2,000 shares on August 23.

Jardine Japan Investment Trust—The Merchant Navy Officer's Pension Fund now holds 7.45 per cent of company's shares.

Rentokil Group — Sophus Berendsen A/S of Copenhagen has bought further 140,000 shares making total holding 52.21m (55.1 per cent).

Sime Darby Holdings—Holdings by companies in which Wee Cho Yaw, director, is deemed to be interested on August 23 disposed of 150,000 shares reducing holding to 2.14m.

Hawkins and Tipson—Equitable Assurance Society has disposed of 10,000 shares reducing holding with subsidiary, University Life Assurance Society, to below 5 per cent.

Trade Indemnity — Guardian Royal Exchange Assurance Group bought on August 17, 35,000 shares making holding 672,000 (18.67 per cent).

Celestion Industries—D. R. S. Ezekiel, director, bought 30,000 shares on August 29.

Silverthorne Group—Unochrome International has bought 39,300 shares making total holding 2,203,875.

Electrocomponents sees more growth

The current year has started well at Electrocomponents and Mr. R. A. Marler, the chairman, says he has no doubt it will end with still further profitable *development by the group.*

Members are told in his annual statement that growth during recent years has been substantial and the directors currently see this growth continuing.

The development of Electrospares begins to take the group into new areas of distribution and the directors' investigation into other distribution fields will continue, Mr. Marler states.

All subsidiaries are eager to develop and expand product ranges and their initiative in such expansion is being encouraged, he adds.

As already known, group pre-tax profit jumped from £4.34m to £7.6m for the March 31, 1978 year, on external sales of £33.56m (£22.83m), including exports of £1.62m (£1.17m). A one-for-one scrip issue is also proposed.

On a CCA basis, profit is reduced to £6.98m, after adjustments for depreciation of £85,000, cost of sales £248,000, and net monetary assets £255,000.

Although sales during the year at the subsidiary, Doram Electronics were disappointing, the *directors are hopeful that it can* now move towards a more successful era.

At Electroplan, both sales and profits rose sharply, while exports, although still relatively small, increased more than threefold. The directors see ample scope for further development in this company over the next few years, following its recent rapid growth rate.

Despite the acquisition of a further 37,000 sq ft warehouse space in London for RS Components, the directors are investigating additional accommodation outside London in anticipation of further growth.

Radio Resistor recorded a year of substantial sales expansion in its field of passive components and is in a good position to continue expanding rapidly over the next few years, says the chairman.

BANK RETURN

	Wednesday Aug. 30 1978	Inc. (+) or Dec. (–) for week
BANKING DEPARTMENT		
LIABILITIES	£	£
Capital	14,553,000	–
Public Deposits	22,653,151	+ 1,540,952
Special Deposits	254,755,000	[illegible]
Bankers	493,405,763	+ 70,527,053
Reserves & Other Accts	686,340,776	+ 8,341,586
	1,453,640,682	+ 80,409,579
ASSETS		
Govt. Securities	1,028,616,056	+ 81,175,000
Advances & Other Accs	204,501,564	+ 1,556,215
Premises, Equipt & other Secs	203,279,270	– 1,058,759
Notes	16,022,767	– 7,806,303
Coin	215,963	– 13,783
	1,453,640,682	+ 80,409,579
ISSUE DEPARTMENT		
LIABILITIES	£	£
Notes Issued	8,625,000,000	+ 50,000,000
In Circulation	8,608,970,313	+ 57,805,709
In Bank g Dept	16,029,787	– 7,806,703
ASSETS		
Govt. Debt	11,015,100	–
Other Govt. Secs	7,714,747,129	+ 129,922,323
Other Securities	899,237,771	– 79,922,[illegible]
	8,625,000,000	+ 50,000,000

MINING NEWS

Copper and zinc check MIM earnings

BY KENNETH MARSTON, MINING EDITOR

LOWER PRICES for copper and zinc coupled with reduced sales of those metals are reflected in a fall in net profits of Australia's MIM Holdings to A$39.26m (£23.36m) for the year to June 30. The latest figure, which is before an extraordinary profit of A$7.27m, compares with A$43.69m in 1976-77. A final dividend of 6 cents (3.6p) makes an unchanged total of 9 cents.

Costs rose in the past year with wages and salaries increasing by 9.5 per cent and rail freight rates climbing by 18.5 per cent. Capital expenditure rose to A$72.47m from A$45.42m in the previous 12 months as a result of continued spending on the Agnew nickel project in Western Australia, the new lead stack at Mount Isa, a copper rod line at the Townsville refinery and the purchase of the Newlands coal deposit in central Queensland.

During the past 12 months MIM's lead sales rose to 153,122 tonnes from 146,540 tonnes in 1976-77 while those of silver increased to 401,173 kgs from 358,090 kgs. On the other hand, copper sales dropped to 130,518 tonnes from 147,609 tonnes and zinc sales fell to 80,438 tonnes from 90,254 tonnes. MIM shares were 204p yesterday.

YUGIN EXPANDS IN AUSTRALIA

Yugin, the Japanese affiliate of the Hong Kong precious stones trading group, Kunming Commercial Corporation, is to acquire 27 per cent of Consolidated Exploration, an Australian company, according to a statement released yesterday in the Melbourne Stock Exchange.

The stake is being transferred from Minefields Exploration, a subsidiary of Minefields, which is linked to Consolidated through cross-directorships, and from Colortone Holdings.

In the negotiations leading up to the transfer, Yugin indicated its intention to revitalise Consolidated's exploration and gem trading activities. Yugin has been active in India, Asia, South Africa and Western Australia for a number of years.

STHN. KINTA AND KAMUNTING TIN

Reflecting a higher production of tin concentrates together with an increased price received for sales, the Malaysian-incorporated Southern Kinta has made a pre-tax profit of M$12.5m (£2.8m) in the year to March 31 compared with M$10.6m in 1976-77.

However, an increased tax charge reduces the latest net profit to M$4.38m, equal to 57 cents per share, against M$4.61m a year ago. A final dividend is declared of 70 cents (15.8p) less Malaysian income tax of 40 per cent.

Kamunting Tin also more from its tin operations in the past year to March 31. But adverse currency adjustments on net current assets coupled with a balancing charge for UK tax as a result of the transfer of control to Malaysia have left the company with a net loss of M$192,000 against a profit in the previous year of M$331,000. Kamunting is paying a final of 12.5 cents less tax.

N.W. MINING TO PROSPECT AT E. KIMBERLEYS

Latest news from the Western Australian diamond prospecting rush is that North West Mining, Haoma Gold, Metana Minerals and Uranium Consolidated have been jointly awarded 5 temporary reserves in the east Kimberleys for diamonds and other minerals.

The current "hot" area of diamond prospecting is in the west Kimberleys, but the North West Mining group have decided to move away from the rest of the field to an area which they feel could be of greater promise. It is nearer to Conzinc Riotinto of Australia's Ashton venture. North West Mining were 43p yesterday.

PAPUA TAX ON NEW VENTURES

New large-scale mining ventures in Papua New Guinea will attract an additional profits tax when earnings reach certain levels under the Income Tax (Mining and Petroleum) Bill just passed by the National Parliament.

Mr. Barry Holloway, the Finance Minister, said the tax of 70 per cent, less standard tax of 33⅓ per cent, will apply when a venture earned more than 20 per cent after standard tax on total funds employed, in any one year. The extra tax would not apply until a project recovered its initial investment.

Marinduque's debt revision

The Manila-based Marinduque *Mining and Industrial Corporation* expects to complete negotiations next month on restructuring its debt. The nickel, copper and cement-producing company also reckons that rising cobalt prices could boost its second-half revenue substantially. Accordingly, Marinduque is renegotiating a contract with Sumitomo Metal Mining, of Japan, that would allow Marinduque to sell more of its metal at rising world prices.

Mr. J. E. Cabarrus, executive vice president said in Manila that the Philippine Government approved the company's re-financing plan in July. The plan next hinges on the agreement of the company's 18 Japanese and U.S. creditors.

Marinduque has total long-term debt of U.S.$224m (£116m). Debt servicing is expected to cost close on $50m this year because previous debt restructuring had *pushed past years' payments* into 1979.

As previously reported, Marinduque appealed to the Philippine government to help it prevent default on repayment of its debts. Marinduque proposed that the government prepay much of the company's foreign debt and combine the foreign debt with domestic borrowings in one big 10-year loan with a three-year grace period on principal and interest.

The loan would be made through the Development Bank of the Philippines, already a major shareholder in the company, and the Philippine National Bank. Both banks are government-owned.

Although optimistic about the effect higher cobalt prices could have on the company's revenue, Mr. Cabarrus emphasised that the company's earnings would depend heavily on fluctuations in copper and nickel prices for the rest of the year, the bulk of Marinduque's revenue comes from exports of nickel.

ROUND-UP

North Korea has purchased 15,000 tons of manganese ore from Pakistan, of which one-third will be shipped this year and the remainder in 1979.

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Iron ore mining and shipping from the Rio Tinto-Zinc group's Hamersley operation in Western Australia has returned to normal after a series of industrial disputes which began on August 11. News of the settlements was delayed because of the Australian telecommunications dispute.

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Sherritt Gordon Mines, the Canadian metals and chemicals group, had net earnings of C$6m (£2.7m) in the 1978 first half compared with C$3.48m in the same period of 1977. Operating profits were roughly comparable between the two periods although revenue from nickel refining was lower. However interest charges and foreign exchange costs were also lower.

* * *

The Government of Sri Lanka is to invite foreign firms to help the state gem corporation to modernise the island's precious stones industry. Although exports were worth £10m last year, it is thought that gems worth half this sum are smuggled out of the country every year, reports Mervyn de Silva from Colombo.

BOOKS

Jackboot Britain

BY C. P. SNOW

SS-GB by Len Deighton. Cape, £4.95. 350 pages

Up to this book I had not been comfortable with Len Deighton's writing. The curious thing is, I had not found him specially readable. In this I am clearly odd-man-out among hundreds of thousands in the English-speaking world. There is no reason to suggest that my taste in readability is preferable to that of my fellow citizens. Taste in readability is an irredeemably subjective affair. For what it is worth, and it is nothing but a subjective indication, Deighton's literary manner, and possibly his habits of mind, have seemed too staccato—or too bitty or disconnected—to get on easily with my own. I felt that he was lacking in narrative glue or lubrication, for me an essential element in high readability—as evinced, say, by Winston Graham, that modest and for me supremely readable writer.

This new novel of Deighton's, however, has removed most of my difficulties. I enjoyed it, or most of it, and didn't find any reluctance to turn from page x to page x+1.

It is only stupid intellectuals who don't realise that all the great novels impel one to turn like that: they need other qualities, but without that one they wouldn't be great novels. It won't need any exhortation from me to press the book on thousands or millions already addicted to Deighton. I am really trying to persuade some who, like myself, have somewhere been put off.

The scenario of *SS-GB* is simple. Actually it has been used before more than once. At the beginning of the last war a novel appeared describing a Nazi occupation of Britain: in 1940 or 41, so far as I remember, it was discreetly withdrawn from circulation. Deighton gives his own version of a Nazi occupation, thought out with his peculiar individuality, which is quiet but very strong.

The period of the book is the last summer and autumn of 1941. The Nazis have successfully invaded. The British surrender was signed early in that year. The Nazis have occupied the country, leaving part of the native administrative apparatus in being—as with Scotland Yard and much of the police force, where we find a young and brilliant Detective Superintendent continuing his investigation of murders very much as though the occupation hadn't happened.

Many of these features of the Nazi procedure in conquered countries, Deighton has adapted from France after 1940. It reaches disagreeably near the bone, for anyone who was on the scene at the relevant time. As I have mentioned before in my reviews, there was a good deal of private speculation about who, if the worst happened, would find it desirable to see the best qualities of the Nazi regime. In Deighton's novel the smart clubs are still open, and for the rich there is good food. For most of the population, material living is, though not intolerable, getting pinched. High Civil Servants still celebrate a promotion in the Reform Club. This brings back memories of cool-headed men, with reason to believe that they wouldn't be popular with the Gestapo, carrying means of self-disposal in their wallets, right through that period, perhaps to the end of 1942.

The detail is done with *pointilliste* accuracy. There is an ingenious story, something like a political thriller, but the achievement, and the bitter charm, of the book rest in the atmosphere. Deighton is better informed than most of us about a whole range of subjects, from small arms to the Nazi organisational structures—which, as presented by Deighton and on good evidence, were so beset by internal friction that only Germans could have made them work at all.

Deighton's interest in personality isn't as steady or compelling as in the manoeuvres of conspiracy and power grabbing, but, when his attention is caught, he can say some deep and original things. He has produced a German police boss called Kellerman of whom, as a miniature of character drawing, any novelist would be more than pleased.

Len Deighton: Occupation fantasy

Philosopher's touchstone

BY REGINALD MAUDLING

Idealist Epilogue by G. R. G. Mure. Oxford, £6.50. 175 pages

This is a difficult book to review. It is not always an easy book to read. There are many passages where you have to ponder every sentence, even every word, such is the subtlety of the author's mind, and the intensity of his understanding. Yet there are many other passages where the dialogue, for the book takes the form of a dialogue between the author's self and his other self, flows as easily and as happily as Rupert Brooke's Cambridge waters. But though the reading of it may be a strenuous task, it is immensely worthwhile, for this is the product of one of the outstanding intellects of our generation.

Not that Geoffrey Mure is any crusty or dusty academic philosopher. Certainly the works of Hegel, to which he accords such high stature, and on which he is the expert, are such as to daunt many would-be readers. In fact, Geoffrey Mure himself admits that he finds parts of them beyond comprehension. But his description of how he came into the main stream of idealist philosophy, from Plato and Aristotle, through Kant to Hegel, and on to Bradley and Joachim, is combined with his deep feeling for and enjoyment of the arts, the beauty of life, and its humanity, what, in fact, Soames Forsyte could never grasp, the beauty and the loving of the world.

Geoffrey Mure went to Oxford just before the First World War, and his studies of philosophy were interrupted when it started. The war had a profound effect on his thought, as he says: "When war was declared I was thankful, first, that we were fighting with France and against Germany, and second, that I should probably not have to sit my final School in 1915." But he then goes on to describe his return to Merton in 1919, and the offer of the post of Philosophy Tutor of Merton to succeed Joachim. He describes it in this way: "For more than four years I had not read a philosophical book nor even thought much about philosophy, but I found the subject now less baffling and much more exciting. So I entered upon the academic life. I doubt whether I should have done so if I had not had four years of war as a regimental officer."

There was a legend that during the First World War another distinguished Professor at Merton was approached by a group of very patriotic young women while walking in the streets of Oxford, who presented him with a white feather, and asked him if he did not know that young men were out in France fighting for civilisation. To which he replied, "Madam, do you not realise that I am the civilisation for which they are fighting." Geoffrey Mure both was the civilisation and fought for it.

Together with the extraordinary subtlety and agility of his mind, Geoffrey Mure's humanity adds to his remarkable personality. He rowed hard and well (a sport I personally could never understand). He wrote delightful fairy stories. He enjoys life and people. He was a superb tutor to the young, full of that sceptical understanding that counts so much in any tutor. But he certainly was not adverse to controversy. He had his favourite dislikes, ranging from the Germans to the modern logical positivists, such as A. J. Ayer, and he did not hesitate to express his views with some vigour, e.g. when defending in this dialogue Hegel against any charge of militarism he says, "It was after the Second World War that people who obviously had not read him—in primis Popper with his notable contribution to ignorance in *The Open Society and Its Enemies*—began to abuse Hegel hysterically and blindly."

I would not in this review attempt to summarise Geoffrey Mure's philosophy; it would be foolish to attempt it. What I would stress are two things, first, the astonishing range and depth of his reading and understanding of both philosophy and literature, a cloak of learning which he wears lightly, and the unforced way in which he moves from example to example in the world of poetry, music and philosophy. Second, the essential humanity and goodness of his philosophy. I remember as one of his pupils how Geoffrey's theme was that the good, the true and the beautiful were one and that on the basic Hegelian principle the unity of the whole depended upon the differentiation of the parts.

He ends his dialogue with a pessimistic account of the future development of the human race. "I don't doubt that at least from the beginning of this century, perhaps earlier, the human species has declined in quality in inverse proportion to its increase in quantity; declined in thought and action, art and morality, indeed by any standard you can think of except health and expectation of life. The real danger with which the uncontrolled proliferation of mankind threatens us is not starvation. Science for some time will produce a sufficient quantity of food at the expense of its quality to balance Nature's continuing production of more and more inferior human beings. The danger is that, after a little token bloodshed and a great deal of dishonourable appeasement, man will lie flattened under the tyrannies which egalitarianism inevitably begets."

I have an idea that Geoffrey's tongue was a little in his cheek at the time he wrote that. Perhaps he felt that it was incumbent upon him as now a very senior citizen, to express these views. Perhaps he had to disassociate himself from Rabbi Ben Ezra. "Grow old along with me, the best is yet to be." Certainly the simple fact is this. His dialogue taken as a whole does nothing to create pessimism about the progress of the human race. It creates optimism about the potential progress of the human spirit. In this, perhaps, lies his greatest contribution.

Fiction

Mail order man

BY ISABEL QUIGLY

Ella's Dream by Elizabeth Gunn. Hamish Hamilton, £4.95. 176 pages

How Many Years Was It Now? by Jennifer FitzWilliam. Gollancz, £4.95. 188 pages

The Crow Goddess by Patricia Finney. Collins, £5.50. 338 pages

Ella's Dream is intricately told. Frank, the narrator, lives alone in a Yorkshire cottage, selling clogs by mail order; in worldly terms a failure, in social a recluse. His sister Ella, 10 years older, swoops down on him for a yearly fortnight from a life filled with friends, good works, entertaining and money. A fortnight's dread precedes each visit, a fortnight's exhaustion follows it. Ella has "a permanent obsession with inessentials," one of which is her dream-view of Frank not as a clogselling oddity but as a solitary genius—a writer she can tell her friends about. So the book is a fulfilment of her dream, finding its narrative thread in an imaginary visit, the sum of many earlier visits, and swinging through time from their early years to the middle-aged present, with Ella long widowed, Frank divorced, at odds yet in a sense still affectionately linked by habit, kinship, and Ella's determination.

Ella is a fine comic figure, in whom, almost incredulously, I kept finding accurately observed traits of people I knew well, echoes of habits that drew delighted recognition; and yet not surface traits, mere ticks of personality, but movements of the spirit, psychic conditions. She lacks, totally, a sense of irony; is (therefore, perhaps) uncultivated; a "good sort," the best, the kindest, endlessly involved with friends, hangers-on, servants, disaster; also, on occasion, a hard-liner, supporter of birchings and the like. Frank, all irony as a defence against the vicissitudes of his past, regards her with brotherly exasperation and masculine petulance, and into his story of her story weaves his own —that of his marriage to the social-climbing Linda who used him to get what she wanted (eventually, a title).

Elizabeth Gunn has a remarkable way with dark (though never vicious) comedy, social and psychological. This novel, her second, is full of the most delicate observation, yet the strong, engaging way in which she sets it down makes for an almost throw-away use of sharp eyes and ears and intuitions; cant and sentimentality are sent up, with an occasional use of slangy fed-upness, ferocious and effective bursts of which clear the air like a good family row. Ella herself is tragi-comic, a sad woman whose life is all cheerful bustle, alone in the midst of loving friends and gushing admirers, silly but not lightweight, foolish and fulsome but no fool. The writing is elegant, supple, companionable; it seems written inside Frank's head, a monologue rather than a narrative.

There could hardly be a greater contrast to this high-spirited novel, which sweeps one along, than Jennifer FitzWilliam's *How Many Years Was It Now?* which is as dour as its predecessor, *Anyway, This Particular Sunday*, with a similarly long, pointless title and the same fat young heroine, Mona. Everything about it, starting from the most unappealing jacket it would be possible to imagine, seems designed to put off rather than entice the reader; and yet, so strange is the character of literary talent, one is not repelled but curiously drawn to its theoretically unpromising pages.

You could I think call it a primitive, since it takes the world and events at face value, it deals head-on with what most writers take sidelong, using irony, apology, every kind of inventive or formal ploy to veil the mere recounting. None of that here, just the telling of banal incidents in plain, flat statements, more or less from the viewpoint of its adolescent heroine, certainly from within her limitations of age and understanding. The blurb speaks, truly, of its "fresh, artless vigour"; and the tale is told so intensely, so convincingly, with such gritty exactness, that somehow the whole thing is transmuted into art. Mona, illegitimate, rejected by her mother, living with a loving but sick and aged grandmother in a Scottish village, is not particularly likeable but is extraordinarily real; so are the objects she touches, the atmosphere conjured around her, the sense of her spirit, her pain, her desperation, the ardent love her Granny feels for her, inevitably disappointed, the ardent love she feels for her mother, as inevitably disappointed too.

Everything about her preposterously ugly and unsatisfying life compels one to believe in it, to become involved; it is a marvellous example of treatment subduing subject-matter, of intensity achieving its own pattern, conviction spinning its own spell.

After these two originals, each with its exact and peculiar voice, Patricia Finney's *The Crow Goddess* seems to lack such a voice; but since she was 19 when she wrote it, and it is her second novel, she deserves rather more than a pat on the back for a vigorous effort to recreate second-century Britain. This is the sequel to *A Shadow of Gulls* (winner of the David Higham fiction award last year), which began the story of Lugh, an Irish-Roman harper, and the adventures that bring him to England and in this novel, gain him the friendship of the Emperor Hadrian.

"The Origin of the Gas-bag" — one of the illustrations in "Heath Robinson At War" (Duckworth, £3.95) which brings together in one volume all the drawings the master of lunatic invention made between 1915 and 1919

Doctor's remedies

BY IAN DAVIDSON

Human Rights by David Owen. Cape, £4.50. 154 pages

This is rather a curious offering. For while the title suggests that this is a book about human rights, in fact very little of the contents is devoted to that vogue topic, in the narrow sense in which it is currently understood, and much of it would lie outside the perimeters of even the loosest definition. The unwary should also be warned that this is not by David Owen the political thinker and moralist, but by David Owen the Labour Party politician and Foreign Secretary.

"The contents of this book," say the publishers in an inconspicuous note on the fly-leaf, "were all written or delivered between 1977 and 1978 by Dr. David Owen as Secretary of State for Foreign and Commonwealth Affairs." In short, it is a collection of articles or speeches, though the publishers give no further indication of the original sources.

Now, there is nothing wrong with stringing together a collection of pieces and publishing them under a catchy title, especially if the author happens to be one of our brighter rising politicos. But some people may be seriously put off by the opening number which, so far from being about "Human Rights in Britain" (as its title claims), is in fact a piece of tendentious promotion for the Labour Party and the Labour Government.

"British socialism," says Dr. Owen, "has never been dogmatic or prescriptive." What, never? Not even about public ownership? Dr. Owen goes on to admit that "we have paid a heavy price for the sterile public ownership arguments of the 1950s." Surely what Mr. Owen means is that we have paid a heavy price for the *policies* of public ownership, as they have in practice been implemented, and not just in the 1950s, but until very, very recently.

The underlying thrust of the article is that socialism in Britain has an image problem; that while socialism is "logically inevitable," the left has appeared to be philosophically exhausted, and excessively identified with bureaucracy, the big trades unions and collectivism. I dare say that Dr. Owen can see as clearly as anyone why socialism has an image problem; what is missing is an unequivocal exposition of what socialism should look like, and I have the uncomfortable feeling that Dr. Owen's main concern was not to say anything too controversial for the ordinary Labour Party member to swallow. But when he says that Conservatives believe in institutions to curb "original sin," while socialists see institutions as a bad influence, I am at a loss for words—and I am not, as it happens, a Conservative.

"Human Rights Abroad," the second chapter, is really (after a long, lukewarm defence of Britain's membership of NATO and the European Community) about human rights in Britain, and in particular about the British Government's attitude to the Council of Europe's Convention on Human Rights. From time to time, the British Government has been hauled up before the European Court for a violation of human rights, and sometimes has been found to be in the wrong. But Dr. Owen sees no need to strengthen the machinery for the protection of human rights in Britain: for one thing it is not the British custom to have things like Bills of Rights, for another, "fully-fledged federalism within the European Community is a noble goal but one which for most of us in Britain is unrealistic, and to some mythical."

Dr. Owen's natural aversion for moral adventurism in foreign policy is given full rein in the succeeding chapters. The Soviet Union's treatment of dissidents and its interventions in Africa are both to be condemned; but western governments must not take risks with détente. The so-called Euro-Communist parties are to be treated with the gravest suspicion, on the grounds that their commitment to democracy is at best only skin-deep and their arrival in power would destabilise East-West relations; on the other hand, we must not threaten to exclude them from NATO or the EEC if they win elections, since that would be to renounce our own democratic principles. Apartheid is repugnant; but Britain cannot afford to take any unequivocal action against it.

Perhaps these pieces caused a stir when they first appeared. Between hard covers they have as much excitement as cold porridge in spite of rumblings in the Soviet Union. Of course, politicians cannot be expected to write good English, and ministers in office have some duty to make caution their watchword. But I cannot feel that this volume will add much lustre to Dr. Owen's reputation.

Into the abyss

BY GEORGE MALCOLM THOMSON

Evelyn Baring. The Last Proconsul by Charles Douglas-Home. Collins, £7.50. 344 pages

The last proconsul had the worst luck in the world: he came on the scene a generation too late. Sir Evelyn Baring might have been remembered like his father, the great Lord Cromer, as a Governor of vision and genius, an administrator who left behind him visible and lasting benefits for the people he had ruled.

As it was, Baring had to deal with the political problems of Africa when the famous wind of change was blowing up into a hurricane. At the climax of his career he was responsible for Kenya in the days of the Mau Mau horror.

John Gunther visited Nairobi and reported: "Sir Evelyn Baring is a tall, handsome man with a deep booming laugh and a profile strikingly like that of John Barrymore; he is sensitive, high-minded and just . . . The atmosphere of Government House is almost that of 18th century England. Lady Mary Baring is the daughter of an earl, the principal private secretary is a Howard and one of the ADCs is a Ridley." It was all very beautiful but it was not the answer to the Mau Mau oath.

To be fair to Baring, he had not been adequately "briefed" on the task that was likely to face him. His predecessor had warned him about the divorce problem in the Colony: "It is of somewhat unusual complexity, especially as we have the amateur champion out here who has been divorced by five if not six husbands. The Delamere household is another not very simple one, particularly on the occasion of royal visits . . . .

"Rough and ready rule: Take no notice for garden parties unless an open scandal, but apply the rules for lunches and dinners." Good advice, as far as it went. But not much help when it came to dealing with Kenyatta.

What made matters worse was that Baring suffered from bad health, as his military chief, General Erskine, was quick to notice. Was the trouble physical or psychological? Most likely both.

Kenya, just then, was not the place for a man liable to bouts of depression. Erskine, a stronger character, detested it: "A sunny place for shady people"; its white womenfolk "middle-class sluts," which may have been snobbish of him. All the same, Erskine's brisk, soldierly ways (a contrast to Baring's long-winded, indecisive conferences) were an important factor in mastering the campaign of terrorism in the colony.

Then the British government, without warning, reversed its policy and Ian Macleod told the African nationalists that, within three years, they would be the governors of the territory.

What had happened to make Harold Macmillan change his mind on Colonial policy is still not certain. Charles Douglas-Home, in this excellent, balanced and well-documented life of Baring, is not certain, although he can single out various influences which were probably at work.

Macmillan had heard from de Gaulle (1959) that France was about to give up her African empire. The Belgians, with 10 months' warning, scuttled from the Congo in July 1960. It seemed that Britain—with Portugal—was about to be left holding the colonial baby in Africa. So Baring, who had for years endured the contumely of the Kenya settlers because of his "weakness," who had tried to ensure that there was some future for the white man in Kenyan politics, now found himself left behind by events.

It was the second time that something of the kind had happened: when he was High Commissioner in South Africa he had opposed Seretse Khama because his marriage to a white woman would probably annoy the South Africans and Baring was hoping to keep South Africa in the Commonwealth. This, he thought, was a main object of British policy.

But, on that occasion too he had guessed wrong. In the end the British government backed Seretse.

It was no joke to be a proconsul at a time when the empire was sliding into the abyss at a speed which increased with every day. There is therefore, a strain of melancholy running through this biography of one of the leading figures of the imperial silver age.

Wide vistas of endeavour opened to him, delusively. Glamorous responsibilities fell on his shoulders but events, as they worked out, made it impossible to discharge them. His temperament worked against his success.

But the story is not wholly one of frustration. There is today a magnificent forest in Swaziland, 100,000 acres in extent. Baring planned it. Not many pro-consuls have a memorial so lasting and so satisfactory.

Spy festival

BY WILLIAM D. SHOLTO

Take Nine Spies by Fitzroy Maclean. Weidenfeld and Nicolson, £6.95. 341 pages

The Plumbat Affair by Elaine Davenport, Paul Eddy and Peter Gillman. André Deutsch, £4.95. 191 pages

In *Take Nine Spies*, the author of *Eastern Approaches* gives us fascinating vignettes of eight notorious spies from Mata Hari to Oleg Penkovsky, executed in the 1960s. The ninth spy was a corpse bearing the name Major Martin who was dumped in Spain during the war to hoax Nazi intelligence. The book is well written and the stories, despite being factual, read like the best fiction.

What makes spies so intriguing? President Mobutu of Zaire gave me a likely answer recently when he said: "All journalists are spies. I know I used to be one."

The loyalty of Molodi, alias Gordon Lonsdale, was unambiguous. Not so the earlier generation of spies who were double agents transferring allegiance to one or other protagonist alternately as their feelings dictated.

A few general conclusions may be drawn. Firstly, information provided by spies can be immensely valuable, like Richard Sorge's advance warning to Moscow that Hitler was about to attack the Soviet Union. Secondly, this information is often disregarded by the recipients. Thirdly, national security is too often handled by an Establishment determined *not* to cast a shred of suspicion on those of similar background and suspicious of all foreigners. Kim Philby, born in the Punjab, educated at Westminster and Trinity and son of an Arabist, was able to rise to the top of the Secret Intelligence Service and stay there for years, even picking up an OBE while working for Soviet intelligence.

Finally, it would seem that in the spying game the Russians are far more motivated, assiduous and successful than the British and, certainly, the Americans. This must have implications for the outcome of the world's major contemporary antagonism.

We may smile at the way Mata Hari passed secrets in Madrid hotel rooms first to the German military attaché and then to his French opposite number, depending on which room she was sharing on the particular night. But is it not equally farcical that an entire generation of intellectuals could be hoodwinked for a decade?

The Plumbat Affair also concerns espionage, but is just not in the same class, being merely another Sunday Times scoop by the Insight Team. Its subject is the plot by which the Israeli secret service (Mossad) allegedly finagled 200 tonnes of uranium in 560 drums labelled "plumbat" from Belgium aboard the ship Scheersberg A 10 years ago for their atomic reactor at Dimona, and how the secrets were revealed after the same agents shot Ahmed Bouchiki in Lillehammer in 1973 mistaking him for Ali Hassan Salameh, who organised the massacre of the Israeli athletics team at the Munich Olympics in 1972. Between these events in 1969, the book says, the Scheersberg A refuelled the patrol boats that Israel purchased from France and which her sailors finally removed from Cherbourg after de Gaulle had imposed an embargo on arms to Israel.

Readers will doubtless wonder whether this fantastic story is true or false. I incline to believe it in outline, but am sceptical about the particulars.

One wonders too why the authors chose to denigrate the Israeli secret service rather than their notorious contemporaries in say, Uganda, Cambodia, Chile or the Soviet Union? Is an attempt on the life of someone who has organised civilian massacres an unmitigated offence?

Pastoral SF in orbit

BY RAY LARSEN

The Road to Corlay by Richard Cowper, Gollancz, £3.95. 158 pages

British writers seem to be carving out a niche with a new style of pastoral science fiction. Cowper's novel is very much in this vein. A rustic Britain has been divided into small kingdoms. Technology has collapsed and an intolerant Church is persecuting heretics. It will be enjoyed by those who are seeking a peaceful refuge from the technological overkill of American science fiction.

The Dosadi Experiment by Frank Herbert, Gollancz, £4.95. 336 pages

Those who fell in love with the high fantasy of Frank Herbert's *Dune* trilogy will love this one. Hocus-pocus about the adventures of a secret agent amongst alien cultures.

The Devil is Dead by R. A. Lafferty, Dobson, £4.25. 224 pages

Death and resurrection are themes which have preoccupied Lafferty over the years. In a style reminiscent of James Joyce he tells of Finnegan's voyage through a purgatorial world in search of the Devil. It will find ready admirers amongst those who like avant garde fantasy and who do not resent the absence of a plot.

Miracle Visitors by Ian Watson, Gollancz, £4.95. 239 pages

In the wake of *Close Encounters of a Third Kind* it seems that we are in for spate of flying saucer novels. Ian Watson throws in every possible ingredient — hypnotism, mysticism, psychic research and space ships disguised as American cars. UFO-watchers will lap it up.

Crimes in short

BY WILLIAM WEAVER

Sunk Without Trace by Dominic Devine. Collins, £3.75. 265 pages

If you object to a story in which someone who has been presented as relatively normal proves, in the end, to be murderoulsy insane, taken you will object to Dominic Devine's new novel, his first after a long, regretted silence. For that matter, the person in question would have fairly sane motives for murdering (assuming that sane motives can exist). Anyway, apart from this cavil, there is little to criticize about this well-told story, admirable for the precision of its setting. Most of the action centres around a City Hall in a small Scottish city, and the characters are painfully real and human: the pompous executive, the ambitious young Councillor, the clerks and secretaries. Mr. Devine has also provided a likeable underdog hero, a splendid dish of a girl, and a spiky but admirable cop.

An Amateur Corpe by Simon Brett. Gollancz, £3.95. 192 pages

Simon Brett's down-at-the-heels actor Charles Paris is, once again, involved in a murder. This time he is a friend of the victim and of the suspect (her husband), so his investigation is prompted by personal concern. His job is cut out for him: the suspect is not convinced of his own innocence, and the police—and even the suspect's lawyer—are anything but interested in helping Charles. The setting is smug suburbia, where an amateur dramatic society presents first The Seagull, then A Winter's Tale (actually this production never opens, thanks to Charles' detecting skill). The solution is at once ingenious and credible, and, on the way to it, the author enjoys himself—as the reader will, too —at the expense of his minor characters.

An Uncertain Sound by Roy Lewis. Collins, £3.75. 195 pages

Roy Lewis is at his excellent best with the most ordinary people, engaged in ordinary jobs. Frank Hales—the protagonist of this new Lewis—is an apparently solid, even staid citizen, partner in a firm of solicitors in Durham, married to a rich and beautiful wife. His partner, it emerges, is considerably less respectable, despite an impeccable exterior. When the dodgy partner disappears, Hales has to find him. The police become interested, too, and there Hales makes the big, familiar mistake—he keeps something back.

WORLD STOCK MARKETS

Early Wall St. 3.90 loss on inflation fears

INVESTMENT DOLLAR PREMIUM
$2.60 to £1—90½% (91%)
Effective $1.9435—42⅞% (42⅜%)

LOWER LEVELS developed in moderate trading on Wall Street yesterday, when the prime rate increase to 9¼ per cent from 9 per cent continued to spread, while the forecast by Federal Reserve Member Wallich that inflation is at 8 per cent and could go higher, continued to hurt the Stock Market.

By 1 pm the Dow Jones Industrial Average was off 3.90 to 876.82 and the NYSE All Common Index shed 7 cents to $58.41, while the trading volume totalled 21,755m shares.

The Commerce Department said its July Index of Leading Economic Indicators dropped 0.7 per cent from June, suggesting future softening of economic activity.

Closing prices and market reports were not available for this edition.

Analysts said any slowdown could ease upward pressures on interest rates and inflation but could also dim Corporate earnings prospects.

But **Boeing** climbed $2¾ to $70¾—it received orders from British Airways for 19 of Boeing's planned new 757 aircraft, and Eastern Airlines ordered 21 with options for another 24.

Eastman Kodak lost $1¼ to $63, **Polaroid** $1 to $32½ and **Natomas** $1½ to $47½, but **Comsat** dropped $2½ to $41½.

Speculation in Gaming issues continued apace despite a warning on Wednesday from Drexel Burnham Lambert about potential risks. **Ramada Inns** again topped the active list and advanced $⅞ to $12⅞. **Bally Manufacturing** gained $2 to $68. A number of Gaming issues did not trade for various reasons.

Bristol-Myers rose $1 to $38¾ in active trading—it concluded a Cancer Drug Licence Agreement with Sandoz of Switzerland.

Servomation put on $⅞ to $49¼ after a late start—it signed an agreement to merge with City Investing Company's GDV unit at $49 a share. Servomation ended merger talks with Liggett Group which had offered up to $48.50 a share.

City Investing tacked on $¼ at $16¾ but GDV eased $¼ to $11¾ and **Liggett** slipped $¼ to $35.

Transco held unchanged at $21—it will build a Baltimore Canyon pipeline if commercial quantities of gas are found.

THE AMERICAN SE Market Value Index gained 1.19 to 168.92 on a turnover of 4.59m shares.

Golden Nugget rose $2¾ to $42¾ and **Flagstaff** $¾ to $8¼, but **Resorts International "A"** eased $¼ to $116¼ and **Leisure Technology** shed $¼ to $8¼.

Bernz-o-Matic lost $1¾ to $8⅛ after a late start because of an order imbalance. **Computer Investors Group** advanced $1 to $5½ and **Bowmar Instrument** $1¾ to $8⅞.

Instrument Systems, the volume leader, held unchanged at $1¼. **Mitchell Energy** eased $¾ to $21¾ despite slightly higher second quarter net earnings.

Canada

Prices continued to advance in active mid-day trading, with the Toronto Composite Index up 11.4 to 1,227.1, reflecting gains in all but one of its 14 component groups.

The Gold Share Index advanced 33.7 to 1,580.9 and Oil and Gas 33.2 to 1,598.5, while Metals and Minerals put on 7.7 to 1,024.0, Utilities 1.32 to 187.94, Banks 1.74 to 285.02 and Papers 1.21 to 140.01.

Abitibi were active and picked up $¼ to $16¾ on 605,387 shares on rumours of a takeover. But the company said it is not aware of any such bids. Thomson Kernaghan and Co. said it intends to buy up to 600,000 Abitibi shares for an undisclosed client.

Dome Petroleum rose $2¼ to $80 and **Aquitaine** added $1½ at $20¼, while **Opi "A"** at $17¾ and **Bow Valley** at $39 each gained $1¼. **B. C. Forest** put on $1¼ to $19¼, as did *Texaco Canada* to $45½.

But **Bramalea** dropped $1¼ to $13⅞.

Amsterdam

Prices firmed over a broad front led by **Akzo**, up Fl 0.7, **Royal Dutch**, up Fl 1.1, and **Unilever**, up Fl 0.8, among Dutch Internationals.

Elsewhere shares with gains between Fl 1.90 and Fl 3.50 included **Pakhoed**, **Heineken**, **KWSM**, **Ennia** and **Van Ommeren**.

KNP, Algemene Bank Nederland and **Fokker** were among isolated lower issues.

State Loans were steady.

Brussels

Most Belgian shares were lower in slack trading.

Against the trend **Vieille Montagne** firmed BFr 50 to 1,860, while among losers were **Cobepa**, **Asturienne**, **Hoboken**, **Cockerill**, **CBR**, **Cometra**, **Tessenderloo**, **Mosane**, **Socfin** and **Clabecq**.

In Foreign stocks, UK and French eased, while Germans and Dutch gained ground, while U.S. were irregular. Gold Mines were stronger in line with the London fixing.

Paris

The Bourse was generally mixed with no particular factor influencing trading, apart from Wednesday's announcement of new French oil policy, which weakened Oil shares.

Banks were resistant. Foods, Electricals and Chemicals were *mixed, while Metals were higher.*

Peugeot-Citroen eased FFr 1 to FFr 469 after its Press Conference in which its President explained the Agreement reached with Chrysler Corpn.

American shares were mixed, German and Dutch issues were steady. Golds gained some ground, while Oils eased.

Switzerland

SWITZERLAND — Movements were narrowly mixed in quiet dealings.

Leading Banks and Insurances were steady, while Financials fluctuated narrowly. **Oerlikon-Buehrle** improved, while **Elektrowatt** and **Gesellschaft Fuer Metallwerte** each edged lower.

Small mixed variations featured Industrials.

Domestic and Foreign Bonds were steady.

In the Foreign sector, Dollar stocks mostly edged higher. But **Penn Central** fell on some selling pressure. Dutch Internationals were little changed, while Germans firmed, led by AEG and Chemicals.

Milan

Stocks closed firm, but mostly off opening highs, in active trading.

Reports of the prospective entry of unidentified Arab interests into **Montedison Spa** capital boosted investor interest. **Montedison** were up L4.5 to 183.5, but off its opening highs. **Bastogi**, a leading shareholder in Montedison, firmed L38 to 677—it is due shortly to announce terms for incorporation of its property subsidiary Beni Stabili and a subsequent rights issue.

Fiat and Stet each eased, but other leading Industrials and Financials gained ground.

Bonds were selectively higher in fairly active trading.

Tokyo

Share prices were higher on reports the Government will decide next Saturday on additional Public Works spending of Y2.5 trillion to encourage the domestic economy.

Volume 340m shares.

Constructions, Housing, Cements and Electric Powers, which will benefit from increased Public Works spending, led the gains.

Fresh buying interest spread over a wide front, but excluded Export-Orientated issues which *closed generally lower following* the big U.S. trade deficit in July.

Recently neglected Oils rose on "cheap" buying, and Chemicals, Pharmaceuticals, Real Estates and Machines also rose.

KDD moved up Y130 to 4,000, **ONO Pharmaceutical** Y110 to 1,350, **Kaken Chemicals**, Y100 to 3,520, **NTV** Y100 to 5,930, **JGC**, Y90 to 1,520, **Nippon Densetsu Kogyo**, Y70 to 620, **Mochida Pharmaceutical**, Y70 to 1,660, **Kokuyo**, Y70 to 1,110, **Nichii**, Y70 to 1,200 and **Kinki Electrical Construction**, Y50 to 1,330.

Hong Kong

The market closed mixed with a *slightly firmer bias in relatively* active trading.

Speculative interest remained centred on issues such as **Hong Kong Land**, which advanced 10 cents to HK$13.80, and **Hong Kong Wharf**, which fell HK$1.25 to HK$41.25.

Jardine Matheson gained 20 cents to HK$17.70, while **Hong Kong Bank** dipped 10 cents to HK$21.00. **Tai Cheung** added 7½ cents at HK$2.525. **Cross Harbour Tunnel** held steady at HK$11.20—the announcement of an increased interim dividend of 15 cents coming too late to affect the market.

Australia

Stock Markets surged to another five-year peak, with the Sydney All Ordinary Index up 4.56 to 543.15.

Oils, Diamonds and selected Uraniums spearheading the advance.

Bridge Oil rose 35 cents to A$1.48 on news of an oil flow from its Boggo Creek number two well in Queensland. **Shore Oil**, which has an equal interest in the well put on 4 cents to 11 cents.

CRA advanced 20 cents to A$3.62, **Northern Mining** 2 cents to A$1.62, **Peko** 10 cents to A$6.20, **Pancontinental** 50 cents to A$17.10, **EZ Industries** 5 cents to A$3.10 and **Central Norseman** 30 cents to A$11.50 on higher gold prices.

Among Oils to benefit from the market's enthusiasm were **Ago**, up 9 cents to 68 cents, **Crusader**, up 3 cents to 46 cents, and **Genoa**, up 4 cents to 40 cents.

Carr Boyd gained 5 cents to 54 cents, **North West Mining** 1 cent to 53 cents and **Metana** 3 cents to 52 cents, while **Queensland Mines** fell 10 cents to A$3.60 and **Kathleen Investments** 10 cents to A$3.

Johannesburg

Gold shares generally were firmer in line with bullion price indications, although selected issues were off the top.

Mining Financials shadowed Producers.

Platinums gained a cent or two, while other Metals and Minerals were otherwise generally neglected.

Asbestos issues gained up to 5 cents. Gains outnumbered losses by almost two to one in the industrial sector.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax. ♥ Pta 500 denom. unless otherwise stated. ♣ DKr 100 denom. unless otherwise stated. ◊ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. § Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs: including Unilac div. p Nom. q Share split. s Div and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. ‡ Traded. ? Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

NEW YORK

Stock	Aug. 30	Aug. 29
Abbott Labs	56	56
Addressograph	29	28
Aetna Life & Cas	45½	44½
Air Products	29⅜	29⅜
Alcan Aluminium	30¼	30⅝
Alcoa	45½	46
Allegheny Ludlum	19⅛	19⅛
Allegheny Power	18⅜	18⅜
Corning Glass	60¾	60⅜
CPC Int'national	51½	51½
Crane	34¼	34¼
Crocker Nat.	29	29⅛
Crown Zellerbach	36½	36
Cummins Engine	39⅝	40⅜
Curtiss Wright	17	16½
Dana	29⅝	30⅛
Dart Industries	47¼	46⅜
Johns Manville	32½	32⅝
Johnson Johnson	85⅜	85⅜
Johnson Control	27¾	28
Joy Manufacturing	34⅛	34⅝
K. Mart Corp.	27⅛	27½
Kaiser Aluminium	36	35⅝
Kaiser Industries	2⅛	2
Kaiser Steel	28⅞	29⅝
Kay	12	12⅜
Kennecott	23⅝	23¼
Revlon	55⅞	55½
Reynolds Metals	32⅞	33
Reynolds R.J.	58⅝	58½
Rich'son Merrell	29	29
Rockwell Inter.	34⅝	34¾
Rohm & Haas	35⅝	35⅝
Royal Dutch	62⅞	62¼
RTE	14⅜	14⅛
Russ Togs	11¾	12
Ryder System	28	28¼
Woolworth	21½	20⅜
Wyly	6¼	6⅜
Xerox	58½	58¾
Zapata	16¾	16½
Zenith Radio	17⅛	18
U.S.Treas.4% 1980	†95	†95
U.S.Treas.4¼% 75/85	†81⅛	†81⅛
U.S. 90-day bills	7.47%	7.39%
Western Union	21⅛	20⅞
Westingh'se Elec.	25⅛	25⅛
Weyerhaeuser	30⅛	30⅛
Whirlpool	22½	22⅜
White Con. Ind.	21½	21⅜
William Co.	21¼	21⅛
Wisconsin Elect.	28	28¼
Ultramar	†14⅝	†14
Union Gas	11½	11⅝
Utd. Siscoe Mines	8⅛	8
Walker Hiram	35⅝	35⅞
West Coast Trans.	13	12⅛
Weston (Geo.)	19⅞	20

† Bid. ‡ Asked. § Traded. || New stock.

CANADA

EUROPEAN OPTIONS EXCHANGE

BASE LENDING RATES

Bank	Rate
A.B.N. Bank	10 %
Allied Irish Banks Ltd.	10 %
American Express Bk.	10 %
Amro Bank	10 %
A P Bank Ltd.	10 %
Henry Ansbacher	10 %
Banco de Bilbao	10 %
Bank of Credit & Cmce.	10 %
Bank of Cyprus	10 %
Bank of N.S.W.	10 %
Banque Belge Ltd.	10 %
Banque du Rhone	10½%
Barclays Bank	10 %
Barnett Christie Ltd.	11 %
Bremar Holdings Ltd.	11 %
Brit. Bank of Mid. East	10 %
■ Brown Shipley	10 %
Canada Perm't Trust	10 %
Capitol C & C Fin. Ltd.	10 %
Cayzer Ltd.	10 %
Cedar Holdings	10½%
■ Charterhouse Japhet	10 %
Choulartons	10 %
C. E. Coates	10 %
Consolidated Credits	10 %
Co-operative Bank	10 %
Corinthian Securities	10 %
Credit Lyonnais	10 %
The Cyprus Popular Bk	10 %
Duncan Lawrie	10 %
Eagil Trust	10 %
English Transcont.	11 %
First Nat. Fin. Corp.	11½%
First Nat. Secs. Ltd.	11 %
■ Antony Gibbs	10 %
Greyhound Guaranty	10 %
Grindlays Bank	‡10 %
■ Guinness Mahon	10 %
■ Hambros Bank	10 %
■ Hill Samuel	§10 %
C. Hoare & Co.	†10 %
Julian S. Hodge	11 %
Hongkong & Shanghai	10 %
Industrial Bk. of Scot.	10 %
Keyser Ullmann	10 %
Knowsley & Co. Ltd.	12 %
Lloyds Bank	10 %
London Mercantile	10 %
Edward Manson & Co.	11½%
Midland Bank	10 %
■ Samuel Montagu	10 %
■ Morgan Grenfell	10 %
National Westminster	10 %
Norwich General Trust	10 %
P. S. Refson & Co.	10 %
Rossminster	10 %
Royal Bk. Canada Trust	10 %
Schlesinger Limited	10 %
E. S. Schwab	11½%
Security Trust Co. Ltd.	11 %
Shenley Trust	11 %
Standard Chartered	10 %
Trade Dev. Bank	10 %
Trustee Savings Bank	10 %
Twentieth Century Bk.	11 %
United Bank of Kuwait	10 %
Whiteaway Laidlaw	10½%
Williams & Glyn's	10 %
Yorkshire Bank	10 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 7%, 1-month deposits 7½%.
† 7-day deposits on sums of £10,000 and under 7%, up to £25,000 7½%, and over £25,000 8%.
‡ Call deposits over £1,000 7%.
§ Demand and deposits 7½%.

Indices

NEW YORK—DOW JONES

	Aug. 30	Aug. 29	Aug. 28	Aug. 25	Aug. 24	Aug. 23	1978 High	1978 Low	Since Compil'n High	Since Compil'n Low
Industrial	880.72	880.20	884.88	895.55	897.35	897.00	[illegible] (17/8)	742.12 (28/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds*	88.02	88.15	88.21	88.06	88.81	88.97	90.86 (4/1)	86.75 (11/7)	—	—
Transport	249.27	247.76	248.78	252.05	253.41	251.86	253.41 (24/8)	199.31 (9/1)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	106.43	106.16	106.09	106.39	106.46	106.56	110.98 (5/1)	102.84 (22/2)	165.52 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's	37,760	33,760	31,760	36,190	38,590	39,710	—	—	—	—

* Basis of Index changed from August 24

	Aug. 23	Aug. 18	Aug. 11	(Year ago approx)
Ind. div. yield %	5.26	5.24	5.26	4.85

STANDARD AND POORS

	Aug. 30	Aug. 29	Aug. 28	Aug. 25	Aug. 24	Aug. 23	1978 High	1978 Low	Since Compil'n High	Since Compil'n Low
‡Industrials	114.65	114.91	115.17	116.27	116.38	116.18	116.38 (24/8)	95.52 (6/3)	134.64 (11/1/73)	3.52 (30/6/32)
§Composite	105.47	105.39	103.96	104.90	105.08	104.91	105.08 (17/8)	86.90 (6/3)	[illegible] (11/1/63)	4.40 (1/6/32)

	Aug. 23	Aug. 16	Aug. 9	Year ago (approx.)
Ind div. yield %	4.69	4.70	4.70	4.57
Ind. P/E Ratio	10.02	9.99	9.97	9.90
Long Gov. Bond yield	8.67	8.64	8.52	7.61

N.Y.S.E. ALL COMMON

Aug. 30	Aug. 29	Aug. 28	Aug. 25	1978 High	1978 Low
58.48	58.58	58.70	58.22	59.26 (24/8)	48.37 (6/3)

Rises and Falls

	Aug. 30	Aug. 29	Aug. 28
Issues traded	1,876	1,912	1,918
Rises	802	551	469
Falls	672	974	1,114
Unchanged	402	387	335
New Highs	708	—	109
New Lows	582	—	7

MONTREAL

	Aug. 30	Aug. 29	Aug. 28	Aug. 25	1978 High	1978 Low
Industrial	197.40	195.75	197.29	199.71	201.94 (18/8)	162.30 (16/2)
Combined	205.61	204.44	206.18	208.18	208.92 (18/8)	170.82 (30/1)

WEDNESDAY'S ACTIVE STOCKS

GERMANY ◆

TOKYO ¶

AUSTRALIA

OSLO

BRAZIL

JOHANNESBURG

Securities Rand $U.S.0.76½
(Discount of 33.48%)

SPAIN ♥

AMSTERDAM

BRUSSELS/LUXEMBOURG

PARIS

COPENHAGEN ♣

SWITZERLAND ◊

STOCKHOLM

VIENNA

MILAN

No sugar surplus this year—report

By Our Commodities Staff

WORLD SUGAR supplies in the new marketing year which starts today should match demand closely, according to the latest report from E. D. and F. Man, the London brokers. It suggests that there might even be a modest deficit.

In the season just ended there was a world surplus of 7m tonnes of sugar, but production is forecast to drop by 3m tonnes in 1978-79 and an increase in consumption of 3.5m tonnes is considered probable.

Man suggests that the change from surplus to balance in the market should encourage prices to rise and says that an average level of 11 cents a pound is "a serious possibility" for 1979.

Production controls in Argentina, Brazil, South Africa and Australia, and a reduction in long-term EEC availability, were among the factors behind the change in trend, Reuter reported.

Man said it would be the first time in eight years that world sugar production had declined.

World cane production was forecast to fall from 57.21m tonnes to 54.50m and world beet output from 36.37m tonnes to 35.80m.

EEC production was expected to total 11.43m tonnes against 12.16m.

Fears over African cocoa output lift London prices

BY RICHARD MOONEY

GROWING CONCERN over West African crop prospects continued to push cocoa prices higher on the London futures market yesterday.

The nearby November position broke through the £40 permissible limit during the morning and ended the day £45.25 higher at £1,889 a tonne—its highest level since mid-May.

Cocoa values have been rising steadily for the past two weeks and yesterday's advance took the gain since the beginning of last week to more than £140 a tonne.

Dealers said that yesterday's advance took place against a background of continuing Continental manufacturer enquiries for forward delivery physical cocoa. They thought the main factor behind the recent upsurge, however, was the widely reported deterioration in West African production potential, which has made producers reluctant to sell.

Holco, the London merchant house, published a report yesterday forecasting a decline in the world crop of between 70,000 and 110,000 tonnes during the 1978-1979 season, compared with the previous year's production of 1.47m tonnes. Holco said the main reason for the drop was poor pod-setting in Brazil, Nigeria and the Ivory Coast.

"In Brazil the main crop could be between 25,000 and 40,000 tonnes down in Nigeria between 30,000 and 40,000 tonnes down," the report said.

"Due to the uncertainty of smuggling, we are putting the Ivory Coast and Ghana together and are looking for combined production to be lower by 10,000 to 25,000 tonnes."

Holco expects the Ghana crop to be unchanged—although many London sources are forecasting lower production there—and the Ivory Coast crop to be down about 10 per cent.

London traders put most of the blame for the deteriorating West African output situation on the unusually overcast weather which has predominated for much of the past few months.

In Accra, meanwhile, the Ghana cocoa marketing board said purchases of Ghana mid-crop cocoa for the 13th week of the current purchasing season (ended August 31) amounted to only 78 tonnes.

W. Germany expects bumper grain crop

By Jonathan Carr

BONN, August 31.

A RECORD West German harvest was forecast for this year by Herr Josef Ertl, the Agriculture Minister. He also predicted relatively low input costs for farmers and stable prices for consumers.

Painting this glowing picture at a Press conference here, Herr Ertl said that everything pointed to a grain harvest of 23.6m tonnes—up 9.4 per cent on last year and just ahead of the previous record of 22.74m tonnes in 1974.

Key reasons for the rise were the good weather early this year, an increase in the area sown and further use of high-yield strains, the Minister said.

It loked like being a bumper year for fruit, too, with production of cherries up 52 per cent, apples up 31 per cent and plums up 16 per cent. And the outlook for vegetables was also encouraging.

Herr Ertl stressed that all harvest data available showed that there would be no shortages and that food prices would remain stable. In 1977-78, food prices in West Germany had risen by only 1.6 per cent, compared with 3.8 per cent a year earlier, while the inflation rate for all products excluding food had gone up by 3.9 per cent.

Repairs

Farmers were benfitting too, with stable input costs. In 1977-78, for the first time for nine years, these costs had remained virtually unaltered on average. Fodder prices had fallen sharply, while those for fertilisers and energy had hardly altered. Machinery repair costs, however, had gone up by more than 5 per cent.

Herr Ertl said that farmers' prices had fallen on average by 5.2 per cent in 1977-78. But this had to be seen against a background of two earlier years of sharp producer price increases, partly caused by lower harvests.

● In The Hague, the Central Statistics Office estimated that the Dutch wheat harvest this year would be about 10 per cent higher than last season. Output is expected to reach 726,000 tonnes, compared with 661,150 in 1977, the Agriculture Ministry said.

Of this, the winter wheat crop is put at 638,600 tonnes, against 583,950 last year, and the spring wheat crop at 87,600 tonnes against 77,250, reports Reuter.

UK HARVEST

Huntsman bounces back

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

ON THE THURSDAY before Bank Holiday my harvest came to a stop. The weather, as everyone knows, was wonderful, but none of my grain—nearly all wheat—was ready for the combine.

Testing the standard crop for ripeness is a most inexact science. The usual method is to walk out into the field, pluck a few ears, rub out the grains and bite them. If they are hard, then a whole handful of ears is rubbed out and the grains taken to the farm for a moisture test.

The preliminary to this is to grind them through a coffee grinder. If they grind well there is a chance of a reasonable reading, but if on the other hand the grains simply squash up without making flour, then there is no point in continuing.

On this particular day the first omens were promising and several tests produced an average moisture content of between 17 and 18 per cent. So the combine started work, but after it had travelled 100 yards or so, it was all too apparent that the wheat was not yet really ripe. Instead of 18 per cent it was well over 21 per cent moisture and completely unfit for drying by the system I was using. This entailed placing the grain on a ventilated floor through which cold air could be blown.

It is very effective provided that the relative humidity of the air is low and the grain is properly ripe. This is important. If wheat or barley is unripe it is very difficult to dry without damage, even on a hot air drier, probably because the moisture is part of the natural sap. Ripe grain, once saturated, will dry down quite easily, although the time taken, of course, depends on the moisture content.

Combines idle

At this time of year I reckon that wheat and barley will be ripe when the moisture content has dropped to about 16 per cent, but it is possible to harvest without too much damage at up to 18 per cent. A safe storage moisture content would be about 15 per cent, although 16 per cent is the acceptable norm for millers and compounders. For some reason these buyers will always make a deduction for samples over 16 per cent, but have never been known by me to pay bonuses for those which are under that figure.

Anyway, the end result of all this was that through most of the lovely holiday weekend my combines were idle. On the Sunday morning, a test showed a definite change, so on Monday we got started and have been going ever since.

The first variety was Flinor, a very good milling wheat. After the drought-pinched grain of 1976 and the sprouted horrors of last year, this season's crop produced a fine, bold sample—enough to gladden any farmer's heart.

These days, however, boldness is not all. Although the yield appears to be good at something over two tonnes an acre, this is nothing like in line with the three tonnes-plus about which many of my neighbours are talking. The heavier yields are all coming from the new higher-producing wheats, many of which were developed at the Plant Breeding Institute at Cambridge. The most famous of them is Maris Huntsman.

I actually grew this variety for several years, with a particularly heavy yield last year, but it sprouted so badly that I had the greatest difficulty in getting it dried and in saleable condition. It also suffered from most of the diseases in the book—and it is a very big book.

I had therefore concluded, wrongly as it happens, that there would have been a complete breakdown by this time. There have been several crop disasters with certain varieties in the past and I thought that there could well be another this year. — One advantage of Flinor and the other milling wheats that I grow is that it should command a premium over the higher-yielding feed wheats like Huntsman. Well it does, but it is nothing like enough to compensate for a drop of about half a tonne an acre in the yield.

There is another disappointment for growers of quality wheats this year. The protein content is low. This, all the experts say, is because of the lack of sun during the growing period. By contrast, in the 1976 drought, protein contents were abnormally high.

Where the experts have been wrong this summer has been to prophesy, on the basis of experience, that because of the lack of sun, grain yields would be lowered over all. This obviously hasn't happened. All the winter wheats have yielded above expectations, as has the winter barley.

Spring barley

The only disappointment has been the spring barley in cases where the crop was unable to make the proper development due to poor sowing conditions in the spring. In any case, the quality of the grain has been harmed by the very bad weather in early August in certain areas.

Credit for the good yields is naturally being claimed for the chemicals which control various diseases, to say nothing of the new techniques of fertilising the crops throughout the growing periods. These have obviously had an influence, but the fact is that, as far as chemical spraying is concerned the season has been such that there has been little in the way of disease to spray.

However, the above is a highly subjective account of harvesting in central southern England, where the job is moving to its close. Further north and east things could be very different.

Soviet cereals outlook promising

BY DAVID SATTER

MOSCOW, August 31.

THE PACE of the Soviet grain harvest is still well behind that of last year but crop yields from selected areas continue to suggest that output will be very high this season.

Pravda, the Communist Party newspaper, reported today that by last Monday, 79.7m hectares of grain had been harvested, almost two-thirds of the area planted. Of this, 65.8m hectares had been threshed.

This is about 11m hectares less than had been harvested at this time last year but only slightly less than the average amount harvested at this time over the last five years.

The quality of the crop, at the same time, appears to be good. Izvestia, the Government newspaper, reported that average yields in the Ukraine were exceeding levels last year when the region had a record crop amidst an overall disappointing harvest.

U.S. agricultural officials who monitor Soviet grain production have seen the crop in the Ukraine and said there is no question that there will be a good crop there helped by good harvesting weather and less rain than last year.

Pravda said the harvest was now almost complete in the North Caucasus, Moldavia, and the Ukraine and the centres of the harvest had now shifted to the grain-growing areas of the Urals.

A late harvest carries with it the risk of running into bad weather in the "new lands" but so far harvesting in Kazakhstan has been on schedule.

Western economic experts were told recently that there was no reason why the 1978 grain harvest target of 220m tonnes should not be achieved and similar confidence was expressed by a commentator for semi-official Novosti press service who said that many specialists believed that crop would surpass the 1978 target.

The Soviet Union's record grain harvest was 224m tonnes in 1976.

Regardless of whether the grain harvest is as big as expected, however, the U.S. Department of Agriculture expects the Soviets to import large quantities of grain next year to feed cattle. Only a quarter of the Soviet grain crop is used for human consumption, the rest for animal feed.

The Agriculture Department said the Russians will need to import about 16m tonnes of grain in 1979 to feed increasing numbers of cattle. This compares with about 19m tonnes this year.

Sunflower crop

WASHINGTON, August 31.

EASTERN EUROPE'S main sunflower-producing countries—Hungary, Romania and Yugoslavia—are expected to harvest a record 2.3m tonnes this year, the U.S. Agriculture Department said in its weekly world commodities round-up.

The increase of 20 per cent over last year's output is attributed to favourable weather and rain distribution, better hybrid seeds and increased availability of fertilisers and pesticides.

Reuter

Britain turns away EEC milk

BY CHRISTOPHER PARKES

THE BRITISH liquid milk market is under siege. Several Common Market traders have sent trial shipments of pre-packed "long-life" milk across the English Channel recently. But all have been turned away at the docks, the Ministry of Agriculture said yesterday.

And British dairy companies have also been testing the strength of the Government's protective barriers. Would-be importers of foreign milk have applied for import licences, but all requests have so far been turned down, the Ministry said.

In view of the interest now being shown in the UK market by European milk processors, the Ministry recently sent all local authorities a reminder of the stringent regulations governing the import of liquid milk into Britain.

One of the main obstacles in the way of traders wanting to take advantage of the premiums earned on liquid sales in this country is the requirement that all premises processing and packing milk for human consumption have to be approved by the local authority.

This makes it all-but impossible for overseas suppliers to move in.

The ministry, observing the rules of commercial confidentiality, refused to name the British companies which had asked for import licences, and was unable to be specific about the source of the trial shipments landed in Britain recently.

These were refused admission "on animal health grounds," the ministry said.

It is possible that the unsuccessful shippers and importers have been testing the market in preparation for some form of legal protest against the British regulations which may be interpreted as contravening Common Market rules governing the free movement of goods.

Logically any protests would first be lodged with the EEC Commission in Brussels either directly or via the traders' own governments. But individuals also have the right to test their strength against governments in the European Court of Justice.

A Dutch potato exporter is currently challenging the British regulations which last year forced him to take back a shipment of potatoes landed in East Anglia.

The Court of Justice is expected to rule on the case some time this month.

Higher interest

THE AGRICULTURAL Mortgage Corporation announced that the rate of interest for all existing variable rate loans reviewed quarterly would be increased to 13½ per cent today.

This would remain the rate until the next review date of December 1.

More meat eaten last year

WASHINGTON, August 31.

A SURVEY by the U.S. Department of Agriculture, covering 50 countries, shows that meat consumption in most of them increased last year.

Consumption was more than 100 kilogrammes per person in five countries: the U.S. 112.7 (112.8 in 1976), Australia 119.8 (122.9), Argentina 107.9 (109.0), New Zealand 103.6 (99.9), and Canada 100.5 (98.1).

The average in the EEC was 73.6 kilogrammes—up from 72.4.

El Salvador's average consumption was the lowest at 8.2 kilogrammes per person. The Soviet Union's was 48.4 kilogrammes—up from 44.9 in 1976.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Little changed on balance after a day of fluctuating movements on the London Metal Exchange. Although forward metal initially traded up from £745 to £749, hedge selling in a market lacking buying support caused a fall to £738.5 before a steady Comex opening, with news of a Zambian railway strike and the rejection of new terms by Chilean miners, caused a rally to a close on the Kerb of £749.5. Turnover 38,475 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £728.5, three months £740, 42.5, 46, 47, 47.5, 47, 46, 45, 44, 44.5, 44, 43, 42.5, 43. Cathodes, cash £714.5, three months £733, 32. Kerb: Wirebars, three months £740, 39, 38.5, 39.5, 40, 41, 40. Afternoon: Wirebars, three months £744, 45, 45.5, 44, 45.5. Kerb: Wirebars, three months £744.5, 45, 45.5, 46, 46.5, 48, 48.5, 48.

TIN—Firmer as forward metal gained ground from £6,700 to £6,740 on buying against U.S. business, European interest and protective bear covering. The East was closed overnight. Later fresh U.S. business and more covering caused a further advance and the close on the Kerb was £6,765. Turnover 1,705 tonnes. Morning: Standard, cash £6,810, 30, three months £6,720, 10, 25, 30, 35, 40. High Grade, cash £6,825. Kerb: Standard, three months £6,745, 40, 45. Afternoon: Standard, cash £6,820, three months £6,750, 60, 70, 65, 60, 55, 50. Kerb: Standard, three months £6,760, 55, 60.

LEAD—Lower after forward metal fell from a pre-market high of £350 to £345 during the course of the morning. There was hedge selling in a market where buyers were reluctant, influenced by the tone of copper. In the afternoon the market steadied with the price holding between £344.5 and £346 before closing on the Kerb at £345.75. Turnover 8,025 tonnes.

Morning: Cash £342, 41.5, three months £348, 48.5, 49, 47.5, 47, 47.5, 46.5, 46, 45.5. Kerb: Three months £345, 45.5. Afternoon: Three months £346, 46.5, 45.75, 45.5, 45, 44.5, 44. Kerb: Three months £345, 45.5, 46, 46.5.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	728-.5	-6.5	731-2	......
3 months	742-.5	-7.75	745-.5	-1
Settl'm'nt	728.5	-6.5	—	......
Cathodes				
Cash	714-5	-10.5	719.5-20.5	-1
3 months	731-2	-9.75	736.5-7	-1.5
Settl'm'nt	715	-11	—	......
U.S. Smt.	—	......	63-66	......

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
High Grade				
Cash	6825-45	+117.5	6810-20	+55
3 months	6760-70	+45	6765-85	+50
Settlem't	6845	+120	—	......
Standard				
Cash	6830-40	+112.5	6810-20	+55
3 months	6740-50	+62.5	6750-5	+55
Settlem't	6840	+115	—	......
Straits E.	$1767	......	—	......
New York	—		*592.50	......

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	338.5-9.5	-2.25	339-9	-4.25
3 months	344.5-5	-2	344-.5	-5
Sett'm'nt	339.5	-2	—	......
U.S. Spot	—	......	*31.33	......

ZINC—Easier after a routine trading day which saw forward metal move narrowly although subject to some profit-taking. After starting at £328-£330 it held between £326 and £329, closing on the Kerb at £326.75. Turnover 5,425 tonnes.

Morning: Cash £319, 18.5, 18.75, 19, three months £327, 27.5, 28, 28.5, 26.75. Kerb: Three months £326.5. Afternoon: Cash £319, three months £326.5. Kerb: Three months £327.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£		£	
Cash	319-.5	+.5	318-.75	-.625
3 months	326.5-.75	-.125	326-.5	-.5
S'ment	319.5	+.5	—	......
Prim.west	—	......	*29.51	......

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

SILVER

Silver was fixed 0.45p an ounce higher for spot delivery in the London bullion market yesterday at 284.9p. U.S. cent equivalents of the fixing levels were: Spot 553.1c, up 0.1c; three-month 563.1c, up 0.4c; six-month 574.2c, up 0.7c; and 12-month 597.7c, up 1.0c. The metal opened at 284-285p (551-552½c) and closed at 283.7-284.7p (551½-553c).

SILVER per troy oz.	Bullion fixing pricing	+ or —	L.M.E. close	+ or —
Spot	284.9p	+0.45	284.15p	-0.7
3 months	291.6p	+0.3	291.1p	-0.75
6 months	299.2p	+0.5	—	......
12 months	314.7p	+0.5	—	......

LME—Turnover 205 (373) lots of 10,000 ozs. Morning: Three months 291.9, 2.2, 2.1, 92. Kerb: Three months 291.9, 2.9. Afternoon: Three months 291.9, 2, 92. Kerb: Three months 291, 90.5, 91, 1.2, 1.4.

COFFEE

ROBUSTAS continued in the firmer vein they found on Wednesday afternoon as the market reacted to cold weather forecasts from Brazil, Drexel Burnham reported. Trade buying was evident throughout the day whenever the market dipped lower. A generally quiet day ended with values £10-£15 higher on balance.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
September	1526-30	+6.5	1545-1505
November	1465-68	+13	1469-1450
January	1413-17	+17.5	1417-1390
March	1341-45	+6	1345-1335
May	1311-14	+5	1313-1285
July	1285-90	-7	1300-1285
Sept	1259-79	-16.5	1275

Sales: 3,323 (3,593) lots of 5 tonnes. ICO Indicator prices for August 30 (U.S. cents per pound): Colombian Mild Arabicas 183.50 (184.00); unwashed Arabicas 150.00 (149.50); other mild Arabicas 153.83 (153.50); Robustas ICA 1976 141.00 (same); Robustas ICA 1968 141.50 (same). Daily average 143.17 (142.17).

ARABICAS—Close (in order buyer, seller, business): [illegible]

COCOA

Values were steady from the outset and, with speculative and industry buying throughout the day, closed near the day's "highs," Gill and Duffus reported.

COCOA	Yesterday's Close	+ or —	Business Done
No.5 Contr't			
Sept.	1892.0-97.0	+47.0	1898.0-1865
Dec.	1888.5-89.5	+45.25	1894.0-1862
March	1871-72.0	+41.0	1878.0-1845
May	1855-60.0	+38.5	1866.0-1836
July	1838-58.0	+28.5	1840-1816
Sept.	1810-25.0	+28.0	1825.0
Dec.	1780-90.0	+58.5	1800-1770

Sales: 8,721 (6,699) lots of 10 tonnes.

International Cocoa Organisation (U.S. cents per pound)—Daily price August 30: 153.94 (150.29). Indicator prices August 30: 15-day average 152.41 (152.24); 22-day average 152.13 (151.73).

RUBBER

SLIGHTLY HIGHER opening on the London physical market. Intermittent trading throughout the day, closing on a quiet note.

No. 1 R.S.S.	Yesterday's Close	Previous Close	Business done
Oct.	58.00-58.60	58.40-58.80	—
Nov.	58.30-58.25		—
Oct-Dec	59.00-59.20	58.60-58.70	58.20-59.05
Jan-Mar	61.05-61.25	60.65-60.70	61.30-60.85
Apr-Jne	63.00-63.10	62.60-62.65	63.30-62.60
Jy-Sept	64.65-64.70	64.30-64.40	64.85-64.60
Oct-Dec	66.25-66.55	65.80-66.10	66.70-66.30
Jan-Mar	67.85-67.95	67.40-67.80	68.30
Apr-Jne	69.50-69.55	69.00-69.15	70.00-69.55

Sales: nil (11) lots of 5 tonnes and 213 (179) lots of 15 tonnes.

Physical closing prices (buyers) were: Spot 58p (same); Oct. 59p (58.5); Nov. 59.5p (59.0).

GRAINS

LONDON FUTURES (GAFTA)—The market opened unchanged on wheat and, after early gains of 20 points had met steady profit-taking, values quickly climbed to up to 100 points higher on a lack of offers and some aggressive short-covering. The afternoon session saw good selling at the higher levels so that profit-taking had trimmed gains to 70 points by the close, Acli reported. Barley was always reluctant to follow the rises in wheat and good hedge and speculative selling kept prices in check. Values closed about 40 higher. Both spot options were extremely tight.

M'nth	WHEAT Yesterday's close	+ or —	BARLEY Yesterday's close	+ or —
Sept.	84.60	+1.05	78.35	+0.55
Nov.	86.75	+0.85	80.60	+0.25
Jan.	89.70	+0.85	83.55	+0.35
Mar.	92.30	+1.05	86.05	+0.40
May	94.80	+0.80	88.55	+0.45

Business done—Wheat: Sept. 84.55-83.70, Nov. 86.85-85.80, Jan. 89.85-88.95, March 92.40-91.65, May 95.00-94.00. Sales: 247 lots. Barley: Sept. 78.40-78.00, Nov. 80.70-80.35, Jan. 83.65-83.20, March 86.05-85.75, May 88.45-88.35. Sales: 183 lots.

IMPORTED—Wheat: CWRS No. 1, 13½ per cent, Sept. £91.00, Tilbury. U.S. Dark Northern Spring No. 2, 14 per cent, Sept. £81.25, Oct. £81.75, Nov. £82.75, transhipment East Coast; sellers. U.S. Hard Winter Ordinary, Australian, Argentine, Soviet and EEC grades unquoted.

Maize: U.S./French first-half Sept. £100.50, second-half Sept. £100.25, Oct. £100.75, transhipment East Coast: sellers. South African White Sept.-Oct. £58.50, Glasgow: South African Yellow Sept.-Oct. £59.00, Glasgow; sellers.

Barley, Sorghum, Oats: Unquoted.

HGCA—Ex-farm spot prices, Aug. 31. Other milling wheat: N. Lincolnshire £82.20, Hampshire and W. Sussex £84.00. Feed wheat: N. Lincs. £78.20, Hants. and W. Sussex £76.60. Feed barley: N. Lincs. £72.70, Hants, and W. Sussex £72.80.

UK monetary coefficient for week from Sept. 4 is expected to remain unchanged.

COTTON

LIVERPOOL COTTON—Spot and shipment sales amounted to 316 tonnes, bringing the total for the week so far to 655 tonnes. Supplies were wanted on a freer scale, mostly in Middle Eastern growth, F. W. Tattersall reported. South American and African styles were in fair request.

SOYABEAN MEAL

The market gained £1 per tonne initially, in sympathy with American markets, but failed to hold the rise, SNW Commodities reported. Prices came back to close unchanged on last night, due to lack of demand in Europe.

	Yesterday Close	+ or —	Business Done
	£ per tonne		
October	114.5-114.7	-0.15	114.90-114.50
December	116.8-116.9	+0.25	116.60-116.00
February	117.5-117.7	+0.55	—
April	118.2-119.7	+0.95	—
June	119.0-123.5	+1.25	—
August	118.9-126.0	+0.75	—
October	119.0-124.0	+0.50	—

Sales: 42 (14) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar) £94.00 (same) a tonne cif for allotment shipment. White sugar daily price was fixed at £101.00 (same).

Prices held steady in quiet conditions until late in the day, when improving New York quotations exposed a lack of selling interest, C. Czarnikow reported. Commission House stop-loss liquidation was then touched off and the market closed at the "highs" of the day, about 150 points above first traded levels.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
Oct.	95.60-95.85	93.50-93.60	95.87-95.50
Dec.	97.90-97.95	95.55-95.60	98.00-95.55
March	104.00-04.10	101.80-01.85	104.95-01.50
May	106.95-07.00	104.55-04.65	106.95-05.75
Aug.	111.00-11.05	108.50-08.45	111.00-08.85
Oct.	114.55-14.75	111.75-12.40	—
Dec.	117.50-18.25	115.50-15.75	—

Sales: 1,951 (1,734) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £264.83 (same) a tonne for home trade and £154.00 (same) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port)—Prices for August 30: Daily 7.31 (7.32); 15-day average 7.19 (7.18).

WOOL FUTURES

(Pence per kilo)

Australian Greasy Wool	Yesterday's Close	+ or —	Business Done
October	239.0-41.0	-0.50	240.0
December	240.0-44.0	......	—
March	241.0-46.0	......	—
May	244.0-47.0	......	—
July	245.0-50.0	......	—
October	246.0-52.0	......	—
December	246.0-52.0	......	—

Sales: 5 (nil) lots of 1,500 kilos.

SYDNEY GREASY—Close (in order buyer, seller, business, sales)—Micron contract: Oct. 346.0, 345.5, 347.0-346.5, 9; Dec. 354.5, 355.0, 355.0-355.0, 10; March 362.5, 363.0, 363.5-362.5, 13; May 366.0, 368.3, 366.5-366.0, 8; July 370.0, 371.0, untraded; Oct. 372.0, 373.0, 373.5-373.0, 9; Dec. 375.5, 376.0, 377.0-376.0, 2. Total sales: 31 lots.

NEW ZEALAND CROSSBREDS—Close (in order, buyer, seller, business, sales): Dec. 180.0, 187.0, untraded: March 181.0, 183.0, untraded: May 182.5, 184.5, untraded: July 183.0, 185.0, untraded; Oct. 185.0, 189.0, untraded; Dec. 185.0, 188.0, untraded. Sales: Nil (same).

MEAT/VEGETABLES

SMITHFIELD (pence per pound)—Beef: Scottish killed sides 54.0 to 58.0: Ulster hindquarters 65.0 to 68.0, forequarters 35.0 to 39.0: Eire hindquarters 66.0 to 68.0, forequarters 36.0 to 38.0.

Veal: English fats 62.0 to 68.0: Dutch hinds and ends 80.0 to 86.0.

Lamb: English medium 54.0 to 58.0, heavy 52.0 to 56.0; Scottish medium 54.0 to 58.0, heavy 52.0 to 56.0. Imported frozen: NZ PL 53.0 to 53.5, PM 52.0 to 54.0, YLs 50.0 to 51.0.

Pork: English, under 100 lbs 37.0 to 44.0, 100-120 lbs 37.0 to 42.0, 120-160 lbs 36.0 to 40.0.

Grouse: Young, best 180.0 to 140.0 each, old 80.0 to 90.0 each.

Rabbits (skinned): Chinese 43.0 to 44.0, Australian 39.0 to 41.0.

MEAT COMMISSION—Average fatstock prices at representative markets, Aug. 31. GB—Cattle 70.37p per kg.l.w. (—0.19). UK—Sheep 139.0p per kg.est.d.c.w. (+0.0). GB—Pigs 63.9p per kg.l.w. (+2.2). England and Wales—Cattle numbers up 13.1 per cent, average price 70.62p (+0.14); Sheep up 16.8 per cent, average 139.9p (+0.8); Pigs up 19.5 per cent, average 63.9p (+2.3). Scotland—Cattle up 5.4 per cent, average 69.69p (—1.07): Sheep down 1.7 per cent, average 131.1p (—1.5).

COVENT GARDEN (prices in sterling per package unless stated)—Imported produce: Lemons—Italian: 100/120s new crop 5.00-5.80; Spania: Trays 2.20-2.40. Oranges—S. African: Valencia Late 4.20-5.20; Brazilian: Valencia Late 3.60-3.80; Californian: Valencia Late 72/163 4.00-6.20. Grapefruit—S. African: 27/72 3.30-4.35; Jaffa: 40s 4.00; Californian: Marsh Seedless 64 3.60, 56 3.80; Jamaican: 27/64 2.70-4.00. Tangerines—Brazilian: Per box 2.80-3.00. Apples—French: New crop Golden Delicious 20-lb 72s 2.65-2.80; Portuguese: Golden Delicious per pound 0.10-0.12. Pears—French: Guyot 28-lb box 4.00: per pound Italian: Guyot 0.18, Williams 0.20-0.21: French: Williams 28-lb 4.60. Peaches—Italian: 14 trays 2.00-3.20; French: 1.60-2.00. Grapes—Per pound Cyprus: Cardinal 0.23, Thompson 0.20, Rosaki 0.20: Italian: Regina 5 kilos 2.00-2.10, 5 kilos Cardinal 4.00. Plums—Italian: Per pound Stanley 0.15-0.16, Giant Prunes 0.10-0.12; Hungarian: Switzens 12-lb 1.80. Bananas—Jamaican: Per pound 0.15. Avocados—Kenya: Fuerte 14/24s 3.80-4.20; S. African: Fuerte 3.80-4.50. Capsicums—Dutch: Per 5 kilos 1.50. Onions—Spanish: 2.80-3.20; Dutch: 2.80. Tomatoes—Jersey: 1.50; Dutch: 2.00. Melons—Spanish: Yellow 6/14 2.50-3.20.

English produce: Potatoes—Per 25 kilos 1.00-1.30. Lettuce—Per 12 round 0.80, Cos 1.40, Webbs 1.00. Cucumbers—Per tray 12/24s new crop 1.80-2.00. Mushrooms—Per pound 0.20-0.30. Apples—Per pound Grenadier 0.03-0.04, Lord Derby 0.06, George Cave 0.07, Bramley 0.08-0.10, Discovery 0.05-0.10, Tydeman's 0.10. Pears—Per pound Dr. Jules 0.05-0.12, Williams 0.18. Plums—Per pound Laxtons 0.06, Belles 0.10, Czars 0.06, Pershores 0.06, Victorias 0.10-0.15. Tomatoes—Per 12-lb English 1.60-1.70. Cabbages—Per crate 1.00. Celery—Per head 0.10. Cauliflowers—Per 12 Lincoln 1.60-1.80. Runner Beans—Per pound Stick 0.15. Peas—Per pound 0.06. Beetroot—Per 28-lb 0.70. Carrots—Per 28-lb 0.60-0.90. Capsicums—Per pound 0.15-0.20. Courgettes—Per pound 0.06. Onions—Per bag 1.30-1.80. Swedes—Per 28-lb 0.50-0.60. Turnips—Per 28-lb 1.60-2.00. Parsnips—Per 28-lb 1.60-2.00.

Strike threat to copper

LUSAKA, August 31.

A STRIKE by hundreds of railwaymen on the northern Zambian copperbelt spread today to the rest of the country paralysing the entire rail system, according to a railways spokesman, reports Reuter.

The strike is bound to disrupt copper shipments from the state-owned mines to the Zambian terminal of the Tazara railway to Dar es Salaam which carries most of Zambia's copper, analysts said.

In Santiago meanwhile Chuquicamata mineworkers rejected an agreement aimed at ending a month-old dispute over dismissals and wage demands, Chilean Copper Workers' Federation sources said.

The Zambian and Chilean news helped steady copper prices on the London Metal Exchange where they had been falling since late last week. Cash copper wirebars closed unchanged last night at £73.15 a tonne.

Cotton record

BUENOS AIRES, August 31.

ARGENTINA'S raw cotton output rose to a record 670,000 tonnes in 1977-78, compared with an earlier forecast of 570,000 tonnes and a total of 522,000 tonnes the previous season, the Agriculture Department said here.

The higher output was attributed to a rise in the area planted to 620,000 hectares from 543,000 in 1976-77.

Reuter

PRICE CHANGES

Price per tonne unless otherwise stated.

	Aug. 31 1978	+ or —	Month ago
Metals			
Aluminium	£680	......	£680
Free market (cts)	$1,075/95	......	$1046/56
Copper cash W.Bar	£731.5	......	£725
3 months do. do.	£745.25	-1.0	£745.25
Cash Cathode	£720	-1.0	£721
3 months do. do.	£736.75	-1.5	£741.25
Gold troy oz.	$208.125	+0.875	$202.625
Lead cash	£338.5	-4.25	£320.75
3 months	£344.25	-5	£326.625
Nickel	[illegible]	......	[illegible]
Free Market (cif)(lb)	$1.93	......	$1.70
Platinum troy oz.	[illegible]	......	[illegible]
Free Market	[illegible]	[illegible]	[illegible]
Quicksilver (76lb.)	[illegible]	......	[illegible]
Silver troy oz.	284.9p	+0.45	287.9p
3 months	291.6p	+0.3	295.3p
Tin Cash	£6,815	+55	£6,502.5
3 months	£6,762.5	+52.5	£6,415
Tungsten (22.04 lbs)	$134.24	......	$140.37
Wolfram 22.04 lb cif	$134-136	......	$151/56
Zinc cash	£318.875	-0.625	£311.5
3 months	£326.25	-0.5	£321.25
Producers	$620	......	$600/650
Oils			
Coconut (Phil)	$740x	......	$620
Groundnut	£678	......	£648
Linseed Crude (v)	£332	+1	£334
Palm Malayan	$550r	+1	$622
Seeds			
Copra Phillip	$480r	......	$430
Soyabean (U.S.)	$260r	+2	$256
Grains			
Barley EEC			
Home Futures	£80.60	+0.25	£82.15
Maize			
French No. 3 Am	£100.5q	......	£98
Wheat			
No. 1 Red Spring	£91q	+1.0	£92
No. 2 Hard Winter		......	
English Milling†	£89.5	......	£93
Cocoa Shipment	£1,926	+41.0	£1,840
Future Nov.	£1,889	+45.25	£1,777.5
Coffee Future			
Nov.	£1,486.5	+18.0	£1,129
Cotton 'A' Index	74.65c	+0.15	72.4
Rubber kilo	58p	......	53.25p
Sugar (Raw)	£94	......	£89
Wooltops 64s kilo	278p	......	261p

* Nominal. † New crop. ‡ Unquoted. m June-Aug. n July-Sept. q Sept. r Oct. s Sept.-Oct. x Aug.-Sept. z Per ton. ± Indicator price.

INDICES

FINANCIAL TIMES

Aug. 30	Aug. 29	Month ago	Year ago
248.65	246.83	236.49	239.99

(Base: July 1, 1952=100)

REUTER'S

Aug. 31	Aug. 30	Month ago	Year ago
1461.2	1458.0	1422.8	1492.8

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	Aug. 30	Aug. 29	Month ago	Year ago
Spot	374.71	370.87	353.39	368.90
Futures	376.30	365.69	342.43	384.84

(Average 1924-25-26=100)

MOODY'S

Moody's	Aug. 30	Aug. 29	Month ago	Year ago
Spie Commty	935.9	937.9	916.9	855.6

(December 31, 1931=100)

*

GRIMSBY FISH—Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £4.40-£5.40; codlings £2.80-£3.70; Large haddock £4.50-£5.00, medium £3.40-£4.00, small £2.60-£3.20; Large plaice £5.80-£6.20, medium £4.50-£5.00, best small £4.00-£4.70; Large skinned dogfish £9.00, medium £6.00; Large lemon soles £6.50, medium £6.00; Saithe £1.35-£1.50.

U.S. Markets

NEW YORK, August 30.

Cocoa—Sept. 155.10 (153.35), Dec. 156.70 (152.10), March 153.35, May 150.70, July 148.40, Sept. 146.10, Dec. 143.55. Sales: 1,366 lots.

Coffee—"C" Contract: Sept. 156.50 (156.25), Dec. 149.75-149.90 (148.71), March 139.50-139.90, May 133.90, July 133.50-134.50, Sept. 130.00-132.00, Dec. 128.00-130.00. Sales: 928 lots.

Copper—Sept. 63.65 (63.43), Oct. 63.40 (64.13), Nov. 63.95, Dec. 64.50, Jan. 65.00, March 66.00, May 66.85, July 67.75, Sept. 68.60, Dec. 69.55, Jan. 69.95, March 70.70, May 71.40, July 72.10. Sales: 9,000 lots.

Cotton—No. 2: Oct. 63.55-63.65 (64.05), Dec. 65.70-65.75 (66.12), March 67.70, May 68.45-68.50, July 69.55-69.60, Oct. 65.50-65.65, Dec. 65.60-65.80. Sales: 5,450 bales.

This edition went to press before the latest U.S. commodity prices were available.

*Gold—Sept. 206.90 (207.20), Oct. 208.60 (208.40), Nov. 210.10, Dec. 211.80, Feb. 214.70, April 217.90, June 221.20, Aug. 224.50, Oct. 227.90, Dec. 231.40, Feb. 234.90, April 238.40, June 241.90. Sales: 19,000 lots.

†Lard—Chicago loose not available. NY prime steam 27.62 traded (27.75 traded).

‡Maize—Sept. 213½-213½ (214½), Dec. 223½-223¼ (221¼), March 232-232½, May 237½-237½, July 240½, Sept. 242½.

§Platinum—Oct. 261.20-262.50 (263.80), Jan. 263.50-264.30 (265.80), April 266.50, July 268.90-269.00, Oct. 271.30-271.50, Jan. 274.40-274.60, April 277.30-277.50. Sales: 999 lots.

¶Silver—Sept. 548.60 (547.80), Oct. 552.30 (551.90), Nov. 556.40, Dec. 560.50, Jan. 564.50, March 572.80, May 581.30, July 590.30, Sept. 599.30, Dec. 613.00, Jan. 617.70, March 627.10, May 636.50, July 645.90. Sales: 12,000 lots. Handy and Harman spot bullion: 549.90 (546.80).

Soyabeans—Sept. 655½-656 (645¼), Nov. 643½-642½ (635½), Jan. 648½-649½, March 656½, May 660½-661, July 661-662, Aug. 657½.

‖Soyabean Meal—Sept. 168.00-168.30 (166.50), Oct. 168.70-169.80 (166.40), Dec. 170.40-170.90, Jan. 171.00-170.90, March 173.30-172.50, May 175.00-175.50, July 176.00, Aug. 176.00-176.50.

Soyabean Oil—Sept. 27.00-26.95 (26.42), Oct. 25.70-25.65 (25.37), Dec. 24.50-24.40, Jan. 24.15-24.05, March 23.70-23.75, May 23.40, July 23.10, Aug. 22.85.

Sugar—No. 11: Sept. 7.19 (7.13), Oct. 7.22-7.23 (7.20), Jan. 7.50-7.60, March 7.84-7.85, May 8.03, July 8.21-8.23, Sept. 8.43, Oct. 8.52-8.53, Jan. unquoted. Sales: 2,550 lots.

Tin—594.00-604.00 nom. (585.00-600.00 nom.).

**Wheat—Sept. 332-332½ (325½), Dec. 338½-339 (332½), March 335½-334½, May 321, July 311-310½, Sept. 313½.

WINNIPEG, August 29. ††Rye—Oct. 90.50 (91.20 bid), Nov. 91.50 asked (92.00 asked), Dec. 90.50 asked, May 94.60 bid, July 94.00.

††Oats—Oct. 71.50 bid (71.40), Dec. 71.40 asked (71.40 bid), March 71.00 asked, May 71.50 asked, July 71.00 asked.

‡‡Barley—Oct. 70.50 (70.70), Dec. 72.00 bid (71.50 bid), March 72.10 bid, May 72.10 bid, July 71.50.

§§Flaxseed—Oct. 247.20 (247.30), Nov. 247.20 bid (246.60 bid), Dec. 246.50 bid, May 251.10 asked, July 250.50.

¶¶Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 169.08 (166.96).

All cents per pound ex-warehouse unless otherwise stated. * $s per troy ounce—100-ounce lots. † Chicago loose $s per 100 lbs—Dept. of Ag. prices previous day. Prime steam fob NY bulk tank cars. ‡ Cents per 56-lb bushel ex-warehouse, 5,000-bushel lots. § $s per troy ounce for 50-oz units of 99.9 per cent purity delivered NY. ¶ Cents per troy ounce ex-warehouse. ‖ New "B" contract in $s a short ton for bulk lots of 100 short tons delivered fob cars Chicago, Toledo, St. Louis and Alton. ** Cents per 60-lb bushel in store. †† Cents per 34-lb bushel. ‡‡ Cents per 48-lb bushel ex-warehouse. §§ Cents per 56-lb bushel ex-warehouse, 1,000-bushel lots. ¶¶ $C per tonne.

Nickel cheaper

ENTORES HAS reduced its nickel rondelles price to £2,412.50 a tonne, from £2,423.

The new price is based on an average exchange rate of $1.9268 to the pound and applies to lots of five-tonne nickel contained or over, delivered at customer's works.

STOCK EXCHANGE REPORT

Equities uncertain on political and labour outlook

30-share index below 500—Gilts down on funds prospects

Account Dealing Dates

Option

*First Dealings	Declarations	Last Dealings	Account Day
Aug. 21	Aug. 31	Sep. 1	Sep. 12
Sep. 4	Sep. 14	Sep. 15	Sep. 26
Sep. 18	Sep. 28	Sep. 29	Oct. 10

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Potential investors yesterday elected to remain on the sidelines and the reaction in equities from the year's peak, attained six trading days ago, continued. The major dampeners on buyers taking any action ahead of today's end of the current trading Account remained uncertainty pending firm news about a probable autumn general election and the further labour troubles threatening British Leyland.

The decision to refer the Bingham report on alleged Rhodesian sanction-breaking to the Director of Public Prosecutions was also an adverse influence on sentiment. Because of the extended absence of institutional activity, renewed professional and public selling caused dealers to mark leading equities down with the result that the movement was progressive until after the official close of business.

The tendency then became a little more settled and some values hardened. Measured by the FT Industrial ordinary share index, the close was a further 4.5 lower at 498.5 for a fall since Tuesday of last week of 24.7, or 4.7 per cent.

Gilt-edged securities also continued on the down-tack, being unsettled by Press comment about the immediate outlook for funds and lessened chances of a cut in Minimum Lending Rate while the pressure stays on short-term interest rates in the U.S.

The bulk of yesterday's selling was again directed at the shorts which attempted several minor rallying movements before a late one stuck and reduced widespread falls of 1/16 to 1/8. Business in the mediums and longs was rather small and quotations eased in conjunction with the nearer maturities before the losses were finally halved from ½ to ¼. Following the main funds, Corporations moved lower and recorded falls extending to ½.

A quieter and less volatile day in investment currency saw the premium fluctuate between 89¾ and 91½ per cent before settling ½ down on balance at 90¼ per cent. Yesterday's SE conversion factor was 0.7051 (0.7002).

Activity in ICI positions featured dealings in Traded Options once again yesterday. The price of the underlying equity cheapened 5 to 393p in sympathy with the general trend, while the January 360 series lost 4 to 39p and the October 390 declined 4½ to 14½p; of the 394 total number of contracts done, ICI contributed 193, or nearly 50 per cent.

FNFC loan higher

The major clearing banks continued to drift lower on small selling and lack of support. Barclays finished 7 down at 345p and Midland 6 easier at 352p, while NatWest cheapened 5 to 273p and Lloyds 4 to 260p. Discounts mirrored the dull trend in gilts with falls ranging to 5. Alexanders and Union were both that much easier at 260p and 325p respectively. By way of contrast, the FNFC Unsecured Loan 1992-97 rose 3½ points to £32 on suggestions that the group may soon *be in a position to resume interest* payments on the loan.

Apart from Matthews Wrightson, which improved 5 to 200p on satisfaction with the higher interim earnings, Insurances remained dull. Pearl gave up 4 more to 248p on further consideration of the disappointing interim figures, while Sun Alliance lost 8 more to 558p; the latter's first-half results are due next Wednesday.

John Laing "A" featured late in the Buildng sector, advancing 13 to 226p on further details about the proposed reconstruction scheme which entails separating the major part of the company's property activities into a newly-formed and independently-listed company's U.S. acquisition and fell 75p, on the good interim results, also moved against the dull trend in the Building sector. Ibstock Johnsen came on offer following adverse Press comment on the company's acquisition and fell away to close 15 lower at 181p, while a broker's adverse circular prompted dullness in Tarmac which fell 6 to 136p, while profit-taking after the recent good rise left Travis and Arnold 6 off at 170p.

ICI drifted lower to close 5 cheaper at 393p. Other Chemicals to record similar falls included Yorkshire, 96p, and Fisons, 372p. Poor interim results caused a loss of 13 to 207p in Scottish Agricultural, while Alginate were lowered 12 to 288p on the profits warning.

Church disappoint

Secondary issues provided the main focal points in Stores yesterday. Church became a notable dull feature at 180p, down 11, in reaction to the lower interim earnings, while small offerings ahead of next Wednesday's half-year figures left I. J. Dewhirst 3 lower at 70p. Martin the Newsagent lost 8 to 238p and falls of around 4 were recorded in H. Samuel A, 187p, Home Charm, 195p, Owen Owen, 108p and Waring and Gillow, 121p. Liberty, however, added 5 to 178p on revived bid hopes and Wallis found fresh support at 215p, up 7. The leaders closed narrowly mixed after a thin trade.

Decca figured prominently in Electricals, the A closing 15 off at 460p, after 450p, and the ordinary 20 cheaper at 475p, after 470p. United Scientific fell 12 to 302p on light profit-taking, while *AB Electronic, 180p, and MK Electric*, 224p, lost 4 apiece. After easing to 300p, GEC rallied strongly in the late trade and closed 3 better on balance at 307p. Electrocomponents firmed 7 to 585p following the annual report.

Hawker resisted the dull trend in Engineerings and closed 2 to the good at 236p. John Brown, however, fell 10 to 458p as frustrated speculators liquidated their positions in the absence of the much-rumoured bid developments. Tubes shed 6 to 412p and Vickers 5 to 195p. Elsewhere, Whessoe fell 5 to 65p on the board's declaration that because of lack of orders its Stockton Teeside plant will probably have to be closed by the end of the year. *The chairman's uninspiring* statement left Davy International down 6 at 278p, while similar losses were seen in Adwest, 290p, Glynwed, 110p, and Ransome Simms and Jefferies, 158p. On other hand, Ash and Lacy hardened 2 to 142p in response to Press comment. Jones Group closed unaltered at 79p: the price in yesterday's issue was incorrect.

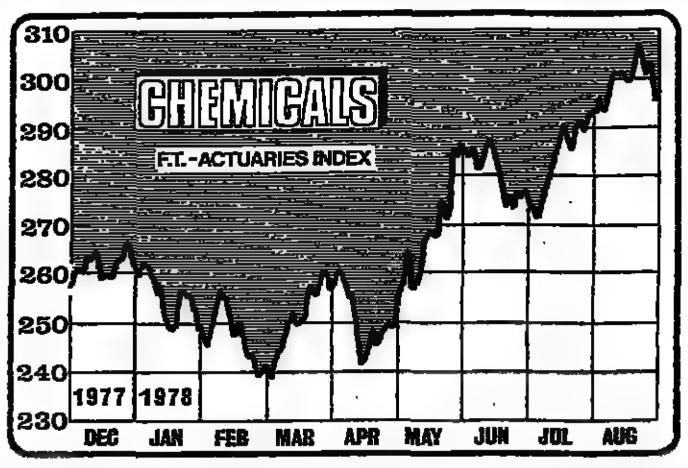
Among Foods, Rowntree Mackintosh, which reported interim figures on September 21 last year, declined 11 to 417p, while small selling clipped 2 from Associated Fisheries at 40p and 3 from Glass Glover at 22p. G. F. Lovell, a firm market of late on the interim report, reacted 4 to 46p, while reduced earnings left Linfood 2 cheaper at 158p. J. Sainsbury shed 6 for a two-day loss of 8 to 217p. Kwik Save eased 3 to 86p and Hillards slipped 10 to 204p.

Among Hotels and Caterers, Ladbroke finished 3 cheaper at 178p following interim figures in line with general market expectations. Other isolated dull spots included Myddleton, down 10 more to 238p, and Wheeler's Restaurants, 5 easier at 405p.

Compton Webb better

A quietly dull trend prevailed in the miscellaneous Industrial leaders. Glaxo cheapened 7 afresh to 608p and Unilever fell 6 to 562p, while Reckitt and Colman gave up 9 to 498p. Comment on *the third-quarter profits* brought BOC back 1½ to 67½p, while profit-taking after the recent rise which followed news of the Reed Paper sale talks left Reed International 4 off at 158p. Elsewhere, BBA recovered from an initial easier level of 59p to close a net penny dearer at 61p following the higher interim earnings, while Johnson Matthey firmed 5 to 460p in response to comment on the first-quarter figures. A dull market last week after Vantona's decision to terminate bid discussions, Compton Sons and Webb rallied 5 to 43p on revived speculative new-time buying on hopes that a new suitor may soon appear. The board's optimistic outlook for the current year *helped Australian giant Broken* Hill Proprietary to harden 10 to 690p. ICL lost 9 to 376p and Amalgamated Metal dipped 7 to 345p.

Motors and Distributors closed with the occasional dull spot on small selling and lack of interest. ERF were lowered 5 to 115p, while losses of 4 were recorded in Adams and Gibbon, 73p, and Western Motor, 87p. Dorada ended a penny cheaper at 79p, after 77p, on the proposed rights issue which accompanied the interim figures. Further consideration of the half-yearly report left H. and J. Quick 2½ easier at 41½p.



Satisfactory preliminary results left Mills and Allen 2 firmer at 175p, while renewed buying on take-over hopes pushed Collett Dickenson up a similar amount to 96p. Dealings were temporarily suspended in Tridant Group Ordinary, at 80p, and the Preference shares, at 42p, pending a further announcement; Starwest recently announced an increased offer for the company worth 80p *per ordinary share. Newspapers* tended to drift lower again, Thomson easing 5 to 255p and News International 3 to 275p.

Properties encountered further sporadic selling. Among the more noteworthy movements, Bradford reacted 9 to 248p and Property Holding 6 to 306p. Still reflecting the annual deficit, Centrovincial eased 3 more to 72p.

Oils drift lower

Oils majors passed a fairly quiet session with prices drifting lower before picking up to close a few pence above the worst. British Petroleum ended 8 cheaper at 878p, after 876p, while Shell touched 564p before settling at 568p for a fall of 10 on balance. Elsewhere, Burmah, up 2 further at 81p continued to reflect the sale of its remaining Australian oil and gas exploration interests. Fresh speculative activity was seen in Siebens (U.K.) which closed 6 higher at 388p, but adverse Press mention left Lasmo 6 down at 140p. Following the oil and gas find in Southern Queensland by the consortium of Bridge Oil, Offshore Oil and Allgas Energy, Bridge advanced 17 to 117p and Offshore 2½ to 9p in Australian issues.

Investment Trusts succumbed to small public selling and recorded numerous losses at the close. Border and Southern gave up 3 at 62p, while falls of 4 included Guardian Investment, 83p, Progressive Securities Investment, 66p, and City and International, 103p. Philip Hill shed 5 to 190p, while Capital issues had Rosedimond the same amount lower at 76p and New Throgmorton 8 down at 129p.

Golds up again

The continuing firmness of the bullion price, which moved ahead for the third successive trading day to close $1.75 higher at $208.125 per ounce, enabled South African Gold shares to make further headway. The Gold Mines *index added 1.7 more to 183.3.*

Although business remained at a low level, the gradual improvement in the bullion price throughout the day prompted a modest demand from most quarters until the late after-hours' trade when one or two American selling orders caused prices to close a fraction below the day's highest.

Among heavyweights, Randfontein were particularly firm and put on ⅝ to £38⅞ but otherwise rises were usually restricted to ¼. Lower-priced issues showed Southvaal 16 higher at 574p and Western Areas 6 better at 208p.

De Beers continued their recovery and recouped 11 more to 426p. Anglo American Corporation also moved ahead to close 7 firmer at 343p.

Among London-registered Financials, Rio Tinto-Zinc dropped 7 to 234p reflecting the downturn in UK equities.

Australians put on a strong performance in line with the buoyancy of overnight Sydney and Melbourne markets which were led up by diamond and energy issues.

Conzinc Riotinto—the major partner in the Ashton joint venture—advanced 17 to a 1978 high of 307p following persistent Australian and London investment demand. Northern Mining, which controls 5 per cent of the Ashton project, hardened 3 to 120p ex the one-for-eight at A$1.15 rights issue.

Other diamond exploration stocks to attract interest were Carr Boyd Minerals, 4 higher at 44p, and North West Mining, which rose 2 to 45p.

...Uraniums were firmer with Pancontinental ½ up at £14½ and Peko-Wallsend 10 better at 536p. The rise in the cobalt price prompted an improvement of 2½ to 29p in Metals Exploration.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
ICI	£1	13	393	−5	414	328
GEC	25p	11	307	+3	317	233
Shell Transport	25p	11	568	−10	602	484
BP	£1	10	878	−8	926	720
Beecham	25p	8	703	−2	725	383
Bowater	£1	8	196	+1	212	163
BOC Intl.	25p	7	67½	−1½	79	63
Boots	25p	7	224	−3	233	184
Distillers	50p	7	192	−3	204	163
Grand Met.	50p	7	113	−1½	121	87
Racal Electronics	25p	7	314	−2	344	196
Barclays Bank	£1	6	345	−7	368	298
Berisford (S. & W.)	25p	6	164	−2	166	96
Imperial Group	25p	6	82	−2½	89	71½
Marks & Spencer	25p	6	84	−1	93	67½

NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (40)

AMERICANS (1)
Amax
BANKS (1)
Allied Irish
BEERS (1)
Wolvhmptn. Dudley
BUILDINGS (2)
France (G. R.) Marshalls (Halifax)
STORES (5)
Liberty S. & U. Stores
MFI Furniture Wallis
Ramar Textiles
ELECTRICALS (2)
Electrocomponents Lec Refrigeration
ENGINEERING (3)
Ash & Lacy Senior Engineering
Jackson (J. & H. B.)
FOODS (1)
Goldrei Foucard
INDUSTRIALS (6)
Ingall Inds. Martin-Black
Low & Bonar Russell (A.)
Magnolia Group Whatman Reeve Ang.
LEISURE (3)
LWT A Westward TV
Nationwide Leisure
NEWSPAPERS (1)
Home Counties
PAPER (3)
Bemrose Tridant Group
Collett Dickenson
PROPERTY (1)
HK Land
TEXTILES (3)
Haggas (J.) Small & Tidmas
Shaw Carpets
TRUSTS (3)
Crescent Japan Jardine Japan
G.T. Japan
OILS (1)
Burmah
OVERSEAS TRADERS (1)
Tozer Kemsley 8pc Conv. 1981
MINES (2)
Conzinc Riotinto Pengkalen

NEW LOWS (16)

BRITISH FUNDS (2)
Treas. 15¼pc 1998 Treasury 3¼pc
COM'WEALTH & AFRICAN LOANS (1)
Southern Rhodesia 5pc 1978-81
AMERICANS (2)
Colt Industries General Electric
ELECTRICALS (1)
Pye
ENGINEERING (2)
Birmid Qualcast Whessoe
LEISURE (1)
Highgate Optical
MOTORS (1)
York Trailer
SHIPPING (2)
Hunting Gibson Runciman (W.)
TRUSTS (2)
Prog. Secs. Inv. Erskine House
OILS (1)
Sceptre Res.
OVERSEAS TRADERS (1)
Paterson Zochonis A N-V

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	—	74	3
Corpns. Dom. and Foreign Bonds	2	25	36
Industrials	125	615	985
Financial and Prop.	26	365	179
Oils	6	18	11
Plantation	3	10	13
Mines	46	26	38
Recent Issues	1	12	25
Totals	209	981	1,233

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+ or −	Div. Amount	Times Covered	Gross Yield	P.E. Ratio
95	F.P.	31/8	81	71	Cartiers Superfoods	77	−1	bd2.41	3.1	4.7	6.9
40	F.P.	—	12¾	4	Emray	10½					
85	F.P.	24/8	94	85	Hunting Petr. Services	84	−5	4.65	3.0	8.4	5.9
115	F.P.	8/9	154	150	Jones (E.) (Jew'lrs) 10p	150	−2	6.6	2.1	5.5	15.0

FIXED INTEREST STOCKS

Issue Price	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price	+ or −
10p	—	15/10	14½p	13p	Audiotronic 12% Conv. Pref.	13p	−1
£99¼	F.P.	—	99¼	98	Birmingham Var. Rate 83-85	99	......
*	F.P.	8/9	98½	98	Callyns 10% Pref.	98½	......
£99¾	F.P.	—	100	99¼	Camden Var. Rate Red. 1983	99¾	......
£100	£50	15/12	51¾	50¼	Do. 12¾% Red. 1986	50¼	−¼
*	F.P.	15/9	98	98	Central & Sherwood 10% Pref.	98	......
*	F.P.	29/9	98	98	Crosby Spring Interiors 10% Pref.	98	......
*	F.P.	29/9	99p	97p	E.R.F. 10% Cum. Pref.	99p	......
*	F.P.	7/9	98¾	98	East Anglia Water 7% Red. Pref. 1983	98	......
*	F.P.	29/9	100	98¼	G. R. Holdings 10½% Pref.	100	......
£99½	F.P.	—	99¾	99¼	Kensington and Chelsea Var. Rate 1983	99¼	......
¶	F.P.	—	85	80	Moorhyn 12% Partly Conv. Uns. Ln. '86-'88	85	......
100p	Nil	7/9	21p	15p	Negretti and Zambra 9% Cov. Pref.	18p	......
£100	[illegible]	—	99¼	99¼	Northampton Var. Rate Red. 1985	99¼	......
100p	F.P.	1/9	101p	99½p	Pitman 10% Cum. Pref.	99½p	−1
*	F.P.	29/9	101p	98p	Raybeck 10% Cum. Pref.	99½	−1
*	F.P.	15/9	96½	94½	Rotork 9½% Cum. Pref.	95	−1
*	F.P.	15/9	99	96½	Sotheby Parke Bernet 9½% Cum. Pref.	98	......
£99¾	F.P.	—	100	99¾	Sefton Var. Rate Red. 1983	99⅝	......
£99¾	F.P.	—	99½	99⅛	Strathclyde Var. Rate 1983	99¼	......
£99¾	F.P.	—	99⅞	99⅝	Wandsworth Variable 1983	99⅞	......

"RIGHTS" OFFERS

Issue Price p	Amount Paid Up	Latest Renunc. Date ●	Latest Renunc. Date ■	1978 High	1978 Low	Stock	Closing Price p	+ or −
66	Nil	—	—	7pm	4pm	Aaronson Bros.	4pm	−2
£20	Nil	—	—	40	32	Bank of Montreal	32	−2
50	F.P.	30/8	24/11	71	67	Blackwood Hodge	70	......
10	Nil	—	—	1½pm	1¼pm	††Kunick Hldgs.	1½pm	......
79	F.P.	10/8	21/9	95	79	Leech (Wm.)	95	......
77	Nil	11/9	27/10	9pm	5½pm	Lex Services	8½pm	+1
35	F.P.	3/8	1/9	46½	40	Norton (W. E.)	46½	......
94	F.P.	21/8	4/10	111	104	Property Partnerships	111	......
30	F.P.	28/7	8/9	72	55	Sutcliffe Speakman	63	......
110	F.P.	14/8	8/9	153	134	[illegible]	154	−1
100	F.P.	25/8	22/9	121	119	Williams (J.) (Cardiff)	121	......
84	F.P.	18/8	15/9	104	101	Yorkshire Chemicals	89	−1

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. †† Minimum tender price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants.

FINANCIAL TIMES STOCK INDICES

—	Aug. 31	Aug. 30	Aug. 29	Aug. 25	Aug. 24	Aug. 23	A year ago
Government Secs	70.19	70.42	70.63	70.66	70.65	70.66	[illegible]
Fixed Interest	72.14	72.25	72.42	72.42	72.40	72.63	[illegible]
Industrial Ordinary	498.5	503.0	505.8	513.4	509.3	519.2	[illegible]
Gold Mines	183.3	181.6	173.6	175.9	177.3	175.2	[illegible]
Ord. Div. Yield	5.36	5.31	5.28	5.20	5.31	5.15	[illegible]
Earnings, Y'ld%(full)(*)	15.99	15.86	15.76	15.54	15.85	15.38	14.36
P/E Ratio (net)(*†)	8.29	8.36	8.41	8.53	8.38	8.64	[illegible]
Dealings marked	5,065	4,736	4,348	4,897	6,038	5,895	[illegible]
Equity turnover £m	—	64.09	74.07	64.53	79.24	98.02	[illegible]
Equity bargains total	—	13,012	14,737	15,530	18,286	21,827	[illegible]

10 am 499.7. 11 am 499.4. Noon 499.1. 1 pm 498.7. 2 pm 498.4. 3 pm 498.2.

Latest Index 01-246 8026.

* Based on 52 per cent corporation tax. † Nil=8.89.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	78.58 (3/1)	68.79 (5/6)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1)	70.73 (6/6)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	523.2 (22/8)	433.4 (2/3)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	206.6 (14/8)	130.3 (6/1)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Aug. 31	Aug. 30
—Daily		
Gilt-Edged	157.6	[illegible]
Industries	185.1	[illegible]
Speculative	36.7	[illegible]
Totals	115.3	[illegible]
5-day Average		
Gilt-Edged	145.2	[illegible]
Industrials	186.0	[illegible]
Speculative	34.1	35.4
Totals	114.2	[illegible]

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Aug. 30	Sep. 11	Nov. 23	Dec. 5
Sep. 12	Sep. 25	Dec. 7	Dec. 19
Sep. 26	Oct. 9	Dec. 7	Jan. 9

For rate indications see end of Share Information Service

Stocks favoured for the call were J. Hepworth, British Land, Mills and Allen, Consolidated Plantations Warrants, Thomson Organisation, Racal Electronics, Pleasurama, Westland, Paris and Whites, Corinthian, Burton Warrants, Spillers, Cullen's Stores "A," Burmah Oil and Duple International. A put was done in Dunlop, while doubles were arranged in J. Hepworth, Westland, First National Finance 9½ per cent 1992-97, Thorn Electrical, Burton Warrants, Talbex and Elliott Group.

LONDON TRADED OPTIONS

Option	Exercise price	October Closing offer	October Vol.	January Closing offer	January Vol.	April Closing offer	April Vol.	Equity close
BP	750	155	—	150	—	—	—	878p
BP	800	83	—	110	—	130	—	"
BP	850	40	3	79	—	95	—	"
BP	900	20	—	47	7	72	—	"
BP	950	8½	6	26	2	43	—	"
Com. Union	140	13	—	15	—	20	—	148p
Com. Union	160	2½	—	7½	—	11	—	"
Com. Union	180	¼	—	3	—	5	—	"
Cons Gold	160	52	—	55	—	39	—	189p
Cons.Gold	180	17	—	20	—	28	—	"
Cons.Gold	200	6	—	11	—	17	—	"
Courtaulds	100	17	—	18½	—	—	—	116p
Courtaulds	110	8½	—	11	—	15	—	"
Courtaulds	120	4	—	6½	15	10	—	"
Courtaulds	130	1½	—	3½	5	6	—	"
GEC	220	85	—	91	—	—	—	304p
GEC	240	66	—	72	—	77	—	"
GEC	260	45	5	55	—	61	—	"
GEC	280	27	15	41	3	47	6	"
GEC	300	14	10	26	1	35	—	"
GEC	330	4	11	15	5	20	—	"
Grand Met.	100	15½	2	17	—	18	—	115p
Grand Met.	110	5	27	9½	—	11½	—	"
Grand Met.	120	2½	16	6½	6	8	—	"
ICI	330	69	—	69	—	70	—	394p
ICI	360	39	—	40	30	49	10	"
ICI	390	15½	18	27	65	31	50	"
ICI	420	5	30	14	10	18	—	"
Land Secs.	180	56	—	57	—	62	—	235p
Land Secs.	200	36	—	40	—	44	—	"
Land Secs.	220	17½	3	25	—	28½	—	"
Land Secs.	240	6½	4	11½	—	17½	3	"
Marks & Sp.	60	25	—	25½	—	27	—	84p
Marks & Sp.	70	15½	—	16	—	18½	—	"
Marks & Sp.	80	7	—	9½	5	11½	5	"
Marks & Sp.	90	3	6	4½	6	7	3	"
Shell	500	73	—	74	17	96	—	565p
Shell	550	30	1	42	—	61	5	"
Shell	600	11	2	21	—	30	—	"
Totals			159		166		79	

MONTHLY AVERAGES OF STOCK INDICES

—	Aug.	July	June	May
Financial Times				
Govnmnt Secs	70.88	70.27	69.70	70.56
Fixed Interest	72.64	71.75	71.68	72.40
Industrial Ord.	503.2	472.2	466.1	476.8
Gold Mines	168.5	166.4	158.2	149.6
Dealings mkd.	5,425	4,613	4,671	5,221
F.T. Actuaries				
Indust. Grp.	230.30	211.86	208.27	209.81
500-Share	253.18	234.99	231.27	232.25
Financial Grp.	176.56	162.82	161.51	165.22
All-Share (650)	233.33	216.64	213.22	215.28
Red. Debs	57.51	56.62	57.25	57.77

	High	Low
Industrial Ord	523.2 (22nd)	496.5 (2nd)
All-Share	239.56 (22nd)	226.56 (1st)

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS — GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thurs., Aug. 31, 1978 Index No.	Day's Change %	Est. Earnings Yield % (Max.) Corp. Tax 52%	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net) Corp. Tax 52%	Wed., Aug. 30 Index No.	Tues. Aug. 29 Index No.	Fri. Aug. 25 Index No.	Thurs. Aug. 24 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (170)	240.18	−0.6	16.03	5.13	8.57	241.52	242.93	245.63	244.49	206.15
2	Building Materials (27)	215.27	−1.6	16.19	5.21	8.66	218.73	220.94	222.97	221.86	184.27
3	Contracting, Construction (27)	395.87	+0.2	17.62	3.75	8.24	395.12	397.95	399.81	400.43	304.75
4	Electricals (14)	523.59	+0.4	13.71	3.52	10.13	521.32	524.16	532.93	527.63	455.91
5	Engineering Contractors (14)	350.11	−1.7	17.20	5.92	7.74	356.10	358.46	362.05	362.41	305.91
6	Mechanical Engineering (72)	192.29	−0.7	17.19	5.65	7.77	193.56	194.35	196.40	195.33	172.13
8	Metals and Metal Forming (16)	174.15	−1.0	16.16	8.11	8.43	175.95	176.46	178.15	178.35	163.51
	CONSUMER GOODS										
11	(DURABLE) (52)	214.86	−0.9	16.25	4.92	8.57	216.78	219.47	223.17	223.59	196.28
12	Lt. Electronics, Radio TV (15)	263.14	−0.9	14.19	3.88	9.85	265.46	270.33	275.10	275.79	237.50
13	Household Goods (12)	178.70	−1.4	16.59	6.33	8.29	181.18	182.83	184.49	184.96	178.06
14	Motors and Distributors (25)	130.00	−0.8	19.51	6.30	7.11	131.03	131.49	133.76	133.78	118.71
	CONSUMER GOODS										
21	(NON-DURABLE) (175)	214.94	−1.0	15.19	5.61	8.88	217.13	219.11	221.15	220.77	189.50
22	Breweries (14)	230.39	−0.5	15.07	6.09	9.13	232.44	233.23	234.78	233.65	191.67
23	Wines and Spirits (6)	275.03	−1.1	15.49	5.22	9.63	278.16	282.75	286.27	283.93	226.61
24	Entertainment, Catering (17)	263.35	−1.0	15.15	6.55	9.62	265.97	268.22	270.16	269.84	234.37
25	Food Manufacturing (21)	210.87	−1.2	18.02	5.25	7.33	213.47	215.15	217.24	216.63	190.12
26	Food Retailing (15)	220.38	−1.3	13.79	4.69	10.09	223.32	224.54	225.77	225.17	202.27
32	Newspapers, Publishing (13)	392.76	−1.4	10.34	3.21	13.80	398.17	398.86	402.12	398.98	312.63
33	Packaging and Paper (15)	146.97	−0.6	17.70	7.23	7.42	147.87	148.24	147.10	146.38	135.23
34	Stores (40)	203.37	−1.0	10.60	4.44	13.86	205.49	207.73	210.66	210.70	180.38
35	Textiles (25)	177.95	−0.2	18.46	7.79	7.06	178.37	180.33	182.73	181.68	167.55
36	Tobaccos (3)	252.59	−1.4	21.79	7.42	5.43	256.11	259.19	261.35	262.94	222.96
37	Toys and Games (6)	116.42	−2.5	19.47	5.48	6.01	119.41	119.95	121.23	121.68	110.85
41	OTHER GROUPS (98)	209.56	−1.1	15.45	5.61	8.45	211.80	212.63	215.39	214.21	198.47
42	Chemicals (19)	295.33	−1.3	16.97	6.14	8.01	299.22	298.19	303.38	300.29	277.21
43	Pharmaceutical Products (7)	274.94	−0.8	10.43	3.71	11.85	277.02	277.58	281.73	279.77	[illegible]
44	Office Equipment (6)	142.15	−0.3	16.85	5.35	7.02	142.52	146.46	143.65	142.49	128.08
45	Shipping (10)	412.72	−0.4	17.52	7.42	7.03	414.54	415.35	421.08	419.46	494.48
46	Miscellaneous (56)	222.46	−1.3	16.46	6.01	8.06	225.37	227.18	230.35	230.47	198.51
49	INDUSTRIAL GROUP (495)	227.05	−0.9	15.54	5.44	8.67	229.11	230.77	233.35	232.62	203.24
51	Oils (5)	499.72	−1.3	14.75	3.95	7.35	506.36	508.65	517.93	516.09	519.86
59	500 SHARE INDEX	249.98	−1.0	15.42	5.22	8.45	252.40	254.13	257.23	256.41	228.97
61	FINANCIAL GROUP (100)	170.95	−1.2	—	5.64	—	173.11	174.57	176.35	175.94	152.50
62	Banks (6)	189.77	−1.7	24.63	6.17	6.09	193.13	193.13	194.43	191.79	165.82
63	Discount Houses (10)	214.38	−1.6	—	8.07	—	217.82	217.96	218.04	217.62	198.51
64	Hire Purchase (5)	159.91	−1.3	15.23	5.15	8.66	162.06	164.06	167.88	166.81	149.06
65	Insurance (Life) (10)	144.12	−1.1	—	6.32	—	145.77	147.85	150.30	151.76	119.98
66	Insurance (Composite) (7)	130.48	−1.3	—	6.61	—	132.15	134.22	136.21	136.69	127.02
67	Insurance Brokers (10)	350.35	−1.2	13.51	4.53	10.58	354.48	354.76	358.68	355.97	347.45
68	Merchant Banks (14)	85.11	−0.6	—	5.78	—	85.59	86.02	86.36	86.16	71.09
69	Property (31)	253.77	−0.8	3.25	2.96	54.03	255.75	258.94	260.44	260.17	205.96
70	Miscellaneous (7)	112.26	−0.9	22.51	7.44	5.75	113.31	114.21	114.97	116.12	95.72
71	Investment Trusts (50)	229.08	−1.5	3.04	4.50	32.92	232.55	234.79	237.71	239.72	169.40
81	Mining Finance (4)	106.38	−1.4	16.59	6.49	7.34	107.86	107.82	107.58	108.32	96.87
91	Overseas Traders (19)	329.61	−1.0	15.13	6.77	8.28	332.91	332.59	335.42	331.52	279.26
99	ALL-SHARE INDEX (673)	229.66	−1.0	—	5.32	—	232.07	233.68	236.38	235.79	207.85

FIXED INTEREST PRICE INDICES

	British Government	Thurs., Aug. 31.	Day's change %	xd adj. To-day	xd adj. 1978 to date
1	Under 5 years	104.30	−0.22	—	6.70
2	5-15 years	114.81	−0.05	—	7.04
3	Over 15 years	120.52	−0.14	—	9.21
4	Irredeemables	126.42	−0.43	—	8.91
5	All stocks	112.58	−0.16	—	7.72

FIXED INTEREST YIELDS

Br. Govt. Av. Gross Red.

			Thurs., Aug. 31.	Wed., Aug. 30	Year ago (approx.)
1	Low Coupons	5 years	8.87	8.84	6.46
2		15 years	10.96	10.90	10.85
3		25 years	11.67	11.65	11.36
4	Medium Coupons	5 years	11.77	11.68	9.87
5		15 years	12.16	12.14	11.85
6		25 years	12.16	12.14	12.26
7	High Coupons	5 years	11.73	11.65	10.32
8		15 years	12.67	12.64	12.90
9		25 years	12.86	12.84	13.09
10	Irredeemables		11.65	11.60	11.81

		Thurs. Aug. 31 Index No.	Thurs. Aug. 31 Yield %	Wed. Aug. 30	Tues. Aug. 29	Friday Aug. 25	Thur. Aug. 24	Wed. Aug. 23	Tues. Aug. 22	Mon. Aug. 21	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	57.80	†12.84	57.81	57.82	57.82	57.82	57.82	57.82	57.78	54.56
16	Investment Trust Prefs. (15)	51.14	13.64	51.27	51.32	51.32	51.32	51.32	51.32	51.64	51.18
17	Coml. and Indl. Prefs. (20)	70.67	12.93	70.75	70.82	70.82	70.82	70.87	70.82	70.14	69.66

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

AUTHORISED UNIT TRUSTS

INSURANCE AND PROPERTY BONDS

CORAL INDEX: Close 497-502

INSURANCE BASE RATES

†Property Growth	10¼%
†Vanbrugh Guaranteed	9%

†Address shown under Insurance and Property Bond Table.

OFFSHORE AND OVERSEAS FUNDS

Alexander Fund
37, rue Notre Dame, Luxembourg.

Alexander Fund	$US7.60		.....	—

Net asset value Aug. 30

Allen Harvey & Ross Inv. Mgt. (C.I.) Ltd.
1, Charing Cross, St. Helier, Jsy. C.I. 0534-73741

AHR Gilt Edg Fd.	10.00	10.02	.....	12.15

Arbuthnot Securities (C.I.) Limited
P.O. Box 284, St. Helier, Jersey. 0534 72177

Cap. Tst (Jersey)	119.0	125.0	.....	4.03

Next dealing date September 12

Gov't Secs Tst	100	102	.....	12.00

Next dealing date September 4

East & Intl. Tst (C.I.)	122.0	129.0	-3.0	2.90

Next dealing date September 14

Australian Selection Fund NV
Market Opportunities, c/o Irish Young & Outhwaite, 127, Kent St., Sydney

US$1 Shares		$US1.65	.....	—

Net Asset Value August 24.

Bank of America International S.A.
35 Boulevard Royal, Luxembourg G.D.

Wldinvest Income	$US112.01	112.98	.....	7.52

Prices at August 24. Next sub. date August 30.

Banque Bruxelles Lambert
2, Rue De la Regence B 1000 Brussels

Renta Fund LF	1,919	1,978	-3	7.71

Barclays Unicorn Int. (Ch. Is.) Ltd.
1, Charing Cross, St. Helier, Jrsy. 0534 73741

Overseas Income	47.1	49.5	.....	12.01
Unidollar Trust	$US11.91	12.58	.....	3.70
Unibond Trust	$US[illegible]	[illegible]	.....	8.00

*Subject to fee and withholding taxes

Keyselex Mngt., Jersey Ltd.
PO Box 98, St. Helier, Jersey. (Eng. 01-606 7070)

Fonselex	Frs1,480	1,536	.....	2.60
Bondselex	Frs110.55	134.66	.....	—
Keyselex Int'l	£7.09	7.47	.....	—
Keyselex Europe	£3.84	4.29	+0.08	3.71
Japan Gth. Fund	$US30.12	32.40	-0.65	—
Keyselex Japan	£15.37	16.74	.....	—
Cent. Assets Cap.		£136.09	+0.04	.....

King & Shaxson Mgrs.
1 Charing Cross, St. Helier, Jersey. (0534) 73741
Valley Hse., St. Peter Port, Grnsy. (0481) 24706
1 Thomas Street, Douglas, I.O.M. (0624) 4856

Gilt Fund (Jersey)	£9.12	9.14	.....	12.00
Gilt Trust (I.o.M.)	103.2	105.9	.....	12.00
Gilt Fnd. Guernsey	£9.51	9.53	.....	12.00
Intl. Govt. Secs. Tst.				
First Sterling	£18.06	18.20	.....	—
First Intl.	$186.93	187.81	.....	—

Kleinwort Benson Limited
20, Fenchurch St., EC3 01-623 8000

Eurinvest Lux. F		1,123	-4	3.12
Guernsey Inc.	67.9	71.9	.....	3.93
Do. Accum.	83.8	88.8	.....	3.93
KB Far East Fd.		$US13.08	.....	1.53
KB Intl Fund		$US12.39	.....	1.86
KB Japan Fund		$US38.59	.....	0.65
K.B. U.S. Gwth. Fd		$US12.38	.....	0.72
Signet Bermuda		$US5.29	.....	1.70
*Unifonds (DM)	19.65	20.70	-0.20	8.21

*KB act as London paying agents only.

Lloyds Bk. (C.I.) U/T Mgrs.
P.O. Box 195, St. Helier, Jersey. 0534 27561

Lloyds Tst. O'seas	62.6	65.9	.....	0.65

Next dealing date Sept. 15.

Lloyds International Mgmnt. S.A.
7 Rue du Rhone, P.O. Box 179, 1211 Geneva 11

Lloyds Int. Growth	SF349.8	373.50	-17.50	1.50
Lloyds Int. Income	SF299.5	311.50	-4.00	6.40

Jardine Fleming & Co. Ltd.
46th Floor, Connaught Centre, Hong Kong

Jardine Estn. Tst.	HK$311.95		.....	2.30
Jardine J'pn. Fd.*	HK$400.75		.....	0.80
Jardine S.E.A.	$US19.82		.....	1.70
Jardine Flem. Int.	HK$11.40		.....	—
Intl. Pac. Secs. (Inc.)	HK$14.56		.....	—
Do. (Accum.)	HK$14.70		.....	—

NAV Aug. 15. *Equivalent $US84.01. Next sub. August 31.

Warburg Invest. Mngt. Jrsy. Ltd.
1, Charing Cross, St. Helier, Jsy. CI 0534 73741

CMF Ltd. July 27	$US12.84	13.16	.....	—
CMT Ltd. July 27	£13.28	13.55	.....	—
Metals Tst. Aug. 17	£12.22	12.52	.....	—
TMT August 11	$US11.38	11.59	.....	—
TMT Ltd. Aug. 11	£11.40	11.69	.....	—

World Wide Growth Management
10a, Boulevard Royal, Luxembourg.

Worldwide Gth. Fd.	$US16.68	-0.01	—

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. ¶ Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

1978 High	Low	Stock	Price £	+ or −	Div. % Gross	Red. Yield
24	17	Antofagasta Rly.	24	......	—	—
40	35	Do 5pc Pref.	40	......	—	—
98	98	Chilean Mixed	98	......	—	£3.10
415	350	German Ybc 4½pc.	411	......	4½	—
54	46	Greek 7pc Ass.	54	......	3½	£6.60
51	46	Do 6pc 28 Stab Ass.	51	......	6	£5.88
44	40	Do 4pc Mixed Ass.	43	......	4	£4.65

BONDS & RAILS—Cont.

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

S.E. List Premium 41⅞% (based on US$1.9440 per £)

Conversion factor 0.7051 (0.7062)

CANADIANS

S.E. List Premium 41⅞% (based on $2.2380 per £)

BANKS AND HIRE PURCHASE

BANKS & HP—Continued

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICAL AND RADIO

CHEMICALS, PLASTICS

ENGINEERING—Continued

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

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INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

INSURANCE—Continued

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPBUILDERS, REPAIRERS

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INV. TRUSTS—Continued

[illegible]

For Yorkgreen see Finance, Land etc.

Finance, Land, etc.

[illegible]

FINANCE, LAND—Continued

[illegible]

OILS

[illegible]

For Endeavour see Mines—Australian

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

MINES—Continued

CENTRAL AFRICAN

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
210	155	Falcon Rh.50c	175	−2	Q50c	1.3	24.4
24	15	Rhod'n Corp. 16²/₃p	19	......	0.57	7.1	4.5
80	52	Roan Cons. K4	65	......	—	—	—
186	122	Tanganyika 50p	167	−3	Q10.0	1.2	6.0
90	78	Do. Pref. 80p	87	......	Q9%	16.3	8.3
41	32	Wankie Col. Rh.1	37½	......	†Q7½c	1.4	17.1
17½	10	Zam.Cpr.SBD0.24	14½	......	—	—	—

AUSTRALIAN

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
15	10	Acmex 25c	13	......	—	—	—
140	64	Bougainville 50 Toea	133	+1	†Q8c	1.4	3.8
125	63	BH South 50c	107		—	—	—
820	250	Central Pacific	450	−25	—	—	—
307	148	Conzinc Riotinto 50c	307	+17	‡Q10c	2.2	‡
26	9½	Endeavour 20c	25	......	—	—	—
72	45	G.M. Kalgoorlie $1	56	+1	—	—	—
68	18	Haoma Gold N.L.	63	......	—	—	—
140	81	Hamptn Areas 5p	132	......	t3.55	2.0	4.0
40	10	Metals Ex. 50c	29	+2½	—	—	—
223	125	M.I.M. Hldgs. 50c	204	......	Q9c	1.7	2.7
39	10	Mount Lyell 25c	31	......	—	—	—
6½	1½	Newmetal 10c	4¼	......	—	—	—
143	79	North B. Hill 50c	118	......	Q8c	ϕ	4.3
16½	8½	Nth. Kalgurli	15½	......	—	—	—
48	12	Nth. West Mining	45	+2	—	—	—
178	117	Oakbridge $A1	157	......	†Q11c	1.9	4.4
70	30	Pacific Copper	59	+1	—	—	—
£15½	750	Pancont 25c	£14¼	+¼	—	—	—
40	12	Paringa M&Ex.5p	25½	......	—	—	—
554	310	Peko-Wallsend 50c	536	+10	Q15c	ϕ	1.7
300	50	Southern Pacific	195	......	—	—	—
160	84	Westn. Mining 50c	141	+2	Q3c	ϕ	‡
70	35	Whim Creek 20c	50	......	—	—	—

TINS

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
30	23	Amal. Nigeria	26	......	2.55	1.6	14.6
420	240	Ayer Hitam $M1	385	......	‡Q67c	0.9	‡
60	45	Beralt Tin	57	......	3.81	4.4	10.4
305	200	Berjuntai $M1	280	......	Q110c	ϕ	8.4
145	111	Geevor	140	......	0.04	ϕ	5.4
10½	8½	Gold & Base 12½p	10½	......	—	—	—
315	220	Gopeng Cons.	315	......	15.23	0.9	7.3
220	130	Hongkong	210	......	—	—	—
93	78	Idris 10p	88	......	‡12.0	1.6	‡
11	9	Jantar 12½p	9	......	—	—	—
84	68	Kamunting $M0.50	82	......	Q12½c	ϕ	3.4
625	450	Killinghall	625	......	Q125	ϕ	20.0
470	280	Malay Dredging $M1	455	......	†Q95c	0.8	4.5
78	40	‡Pahang	78	+3	‡Q3.75c	0.5	‡
78	50	Penckalen 10p	78	+3	6.60	1.3	12.6
270	165	Petaling $M1	270	......	†Q80c	1.6	6.8
64	49	Saint Piran	58	......	2.03	ϕ	5.3
61	47	South Crofty 10p	58	......	4.19	2.0	10.8
245	140	South Kinta $M0.50	232	+2	Q70c	ϕ	6.9
340	230	Sthn Malayan $M1	320	......	‡Q131.3c	1.1	8.8
240	134	Sungei Besi $M1	235	......	Q65c	ϕ	5.9
85	55	Supreme Corp. $M1	80	......	ZQ10c	—	2.7
100	85	Tanjong 15p	90	......	6.60	0.8	10.9
100	74	Tongkah Hrbr. $M1	90	......	[illegible]	1.6	‡
270	148	Tronoh $M1	240	−5	ZQ88c	1.6	7.9

COPPER

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
104	70	Messina R0.50	86	−2	‡Q30c	1.9	‡

MISCELLANEOUS

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
61	35	Barymin	52	......	—	—	—
17	9	Burma Mines 17½p	13	......	—	—	—
300	215	Cons. Murch. 10c	235	......	‡Q30c	2.6	‡
465	245	Northgate C$1	350	−5	—	—	—
248	164	R.T.Z.	236	−5	9.5	2.8	6.0
90	30	Sabina Inds. C$1	53	−2	—	—	—
£12	750	Tara Exptn. $1	862	+25	—	—	—
73	43	Tehidy Minerals 10p	68	......	ϕ1.35	ϕ	3.0
185	120	Yukon Cons. C$1	155	......	Q7c	2.9	2.2

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Sterling denominated securities which include investment dollar premium.
- "Tap" Stock.
- Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- Price at time of suspension.
- Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- Merger bid or reorganisation in progress.
- Not comparable.
- Same interim: reduced final and/or reduced earnings indicated.
- Forecast dividend: cover on earnings updated by latest interim statement.
- Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- Excluding a final dividend declaration.
- Regional price.
- No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital: cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 28

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REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv 20p	25	−½
Ash Spinning	45	....
Bertam	20	..
Bdg'wtr. Est 50p	314	−1
Clover Croft	26	....
Craig & Rose £1	520	....
Dyson (R. A.) A	38	.....
Ellis & McHdy	63	.....
Evered	22	....
Fife Forge	49	−3
Finlay Pkg. 5p	21	.....
Graig Ship. £1	120	.....
Higsons Brew	77	.....
I.O.M. Stm. £1	155	....
Holt (Jos.) 25p	260	....
N'thn. Goldsmith	67	−1
Pearce (C. H.)	185	.....
Peel Mills	20	.....
Sheffield Brick	45	.....
Sheff. Refrshmt.	63	−2
Sindall (Wm.)	105	.....

IRISH

Conv. 9% '80/82	£91⅞	−¼
Alliance Gas	62	.....
Arnott	360	.....
Carroll (P.J.)	105	.....
Clondalkin	90	−5
Concrete Prods.	135	.....
Heiton (Hldgs.)	48	.....
Ins. Corp.	160	.....
Irish Ropes	130	.....
Jacob	63	.....
Sunbeam	33	−1
T.M.G.	170xc	−7
Unidare	110	.....

OPTIONS

3-month Call Rates

Industrials

A. Brew	6½
A.P. Cement	18
B.S.R.	9
Babcock	11
Barclays Bank	25
Beecham	35
Boots Drug	15
Bowaters	16
B.A.T.	24
British Oxygen	6
Brown (J.)	20
Burton 'A'	12
Cadbury's	5
Courtaulds	10
Debenhams	8
Distillers	15
Dunlop	7
Eagle Star	11
E.M.I.	14
Gen. Accident	17
Gen. Electric	18
Glaxo	40
Grand Met.	9
G.U.S. 'A'	20
Guardian	18
G.K.N.	22
Hawker Sidd.	20
House of Fraser	12
I.C.I.	20
"Imps"	6
I.C.L.	20
Inveresk	8
KCA	3
Ladbroke	17
Legal & Gen.	14
Lex Service	7
Lloyds Bank	22
"Lofs"	4
London Brick	5
Lonrho	5
Lucas Inds	25
Lyons (J.)	10
"Mams"	7
Mrks. & Spncr	10
Midland Bank	25
N.E.I.	12
Nat. West. Bank	22
Do. Warrants	10
P & O Dfd.	8
Plessey	8
R.H.M.	5
Rank Org. 'A'	18
Reed Intnl.	12
Spillers	3
Tesco	4
Thorn	22
Trust Houses	15
Tube Invest.	38
Unilever	35
Utd. Drapery	7½
Vickers	15
Woolworths	5

Property

Brit. Land	3¼
Cap. Counties	4½
E.P.	5
Intreuropean	4
Land Secs.	16
MEPC	12
Peachey	8
Samuel Props.	9
Town & City	1¼

Oils

Brit. Petroleum	45
Burmah Oil	5
Charterhall	3
Shell	28
Ultramar	20

Mines

Charter Cons.	12
Cons. Gold	14
Rio T. Zinc	16

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Friday September 1 1978

BATHGATE PRODUCTION ASSURANCE SOUGHT FROM UNIONS

Shutdown warning by BL

BY PETER CARTWRIGHT AND NICK GARNETT

SHUTDOWN WARNING BY BL ALL WORKERS at BL's Bathgate plant, which has been closed by a machinists strike, were told yesterday that it would not be re-opened when the strike ended unless the unions gave solid commitments on maintaining production.

This first position was adopted as Mr. Michael Edwardes, chairman of BL, warned that the company was being led into disaster by the current level of industrial disruption.

He said a tough stand by management against unofficial disputes was vital if the company was to survive in its present form.

Directors at BL are determined that, if industrial relations do not improve markedly within the next three months, some plants will be closed permanently.

National union officials, Bathgate shop stewards and BL Vehicles management are meeting in London today to try to come to some understanding ensuring the workforce's observance of existing arrangements and procedures.

In letters to the 5,000 workers at the Scottish truck and tractor plant, Mr. John Briffit, the plant's manufacturing director, said that management now required more than a return to work by the 1,500 machinists.

Bathgate was in the middle of a major crisis, said Mr. Briffit. Its viability was being "destroyed," and its whole future thrown into doubt.

The BL board warned last week that the jobs were in jeopardy at the plant—where output this year has been only marginally more than 60 per cent of target, largely because of disputes and restrictive practices.

A statement issued yesterday by the plant's joint shop stewards committee said they did not accept the inference in the management letter that Bathgate's problems resulted from its workers.

Mr. Edwardes said the company would give no quarter to the tiny percentage of BL's workers who were causing widespread disruption to production.

While he believed the company could be on the brink of a major breakthrough in industrial relations and development it was also "on the brink of disaster" unless the majority of the workforce condemned the disruptive action of the few.

Overall, BL was achieving only 76 per cent of its production programme compared with an average of 96 per cent at continental vehicle plants. The warning, said Mr. Edwardes, applied to the whole of the British motor industry. "Unless we pull together there will be no assembly industry in this country."

Mr. Edwardes revealed that despite poor productivity, the financial budget was almost being met. August sales again put BL about a half percentage point ahead of Ford.

There was a "fair chance" of being able to match external equity investment with Government loans on a £ for £ basis.

He doubted whether the company would need more than the original £1bn forecast. The limiting factor was engineering resources rather than cash.

However, while financial targets might be met this year, they would not be met in the succeeding three years, mainly because of heavy capital expenditure and the introduction of new models.

In addition to the £250m to double Range and Land Rover output, £270m was being spent on the new Mini which would be ready in the first half of 1980. Plans for new sports cars in the Austin Morris range would be known in three or four months. A mid-range saloon would be ready in 1982.

A new series 3 Jaguar, delayed by disputes, should be ready next spring and new TR 7 sports cars from Coventry were on target. They would use the new "O" series engines that powers the Princess 2. Rover saloons would after all be sold in the U.S.

The truck range had been renewed in the past 18 months, and the problem was one of production rather than new products, which were "imminent."

Japanese GNP hit by fall in exports

BY CHARLES SMITH

TOKYO, August 31.

JAPAN'S GROSS national product grew by 1.1 per cent in real terms during the second quarter of 1978, or at less than half the 2.5 per cent rate registered during the first three months, the Government announced here today.

The slowdown was largely due to the fading of the export boom which had been a major contributor to the economy in the first months of the year. Judged purely on the level of domestic demand, the economy appears to have performed relatively well in the second quarter.

The main components of GNP growth in the April-June period were consumer spending, up 1.3 per cent (1.9 per cent up in January-March), and public investment, up 5.2 per cent (1 per cent). But the overseas sector registered a decline of 13.7 per cent against a 12.7 per cent growth in the first quarter.

The figures indicate that the economy would have grown fairly fast in the second 1978 quarter if Japan's exports had not been curbed by deliberate Government action and by the effects of yen revaluation which blunted the competitive edge of Japanese exports in world markets.

The major difference on the domestic front was that high levels of public spending (provided for in the 1978 Budget) were starting to stimulate activity in some sectors of industry.

Reflation

Measured against Japan's target of a 7 per cent growth rate for the 1978 fiscal year, which began in April, the April-June figures look distinctly low. The GNP will have to register a quarter-to-quarter growth rate of 2 per cent during each of the three remaining quarters of the fiscal year, for instance, up to the end of March 1979) if the 7 per cent target is to be achieved.

The Economic Planning Agency believes that the economy can accelerate to the required pace and is accordingly sticking firmly to the 7 per cent target, which was reaffirmed by Mr. Takeo Fukuda, the Prime Minister, at the Bonn summit last July. It appears to be pinning its hopes on the reflationary package which the Cabinet is expected to approve on Saturday.

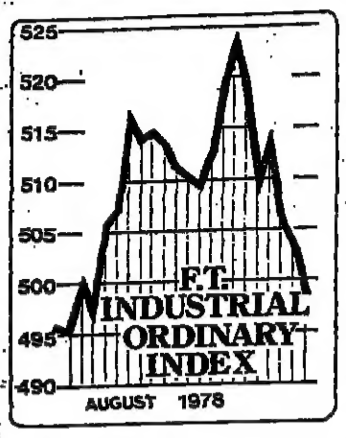
This package will contain between Y2,300bn (£6,267bn) and Y2,500bn (£6,811bn) of additional pump-priming measures over and above the generous public works spending programme introduced last April. Officials claim that this will be worth an additional 1.2 per cent of GNP growth during the fiscal year and that this will make the crucial difference between hitting the target and falling badly short.

Japanese may end export restraint, Page 6

THE LEX COLUMN

Ladbroke takes bets on 1979

Index fell 4.5 to 498.5



The FT 30-Share Index has only been able to stay above the 500 level for 18 days in its latest journey to high ground. It is hard to put a finger on any one cause but the increasing uncertainties over the expected election are encouraging institutional investors to adopt a wait and see approach, while the gilt-edged market has become distinctly more cautious about prospects for any early decline in interest rates.

At the short end of the market there are signs that the discount houses and the clearing banks have been shedding stock, a process to which the latest rise in U.S. money rates has given extra momentum. However, the FT All-Share Index has been reacting less sharply than the 30-share, and the 673-Share Index is still within 4 per cent of its all-time high reached on August 22.

Ladbroke Group

Ever since mid-July when the Royal Commission on Gambling put the cat among the pigeons and recommended swingeing increases in casino taxes, Ladbroke Group has been trying to reassure punters and investors alike that the situation is not as bad as it looks.

At the half-way stage pre-tax profits are 27 per cent higher at £13.9m and the group is forecasting that profits for the full year will be around £7m higher at £31m. The Royal Commission's proposal regarding the casinos are described as "impractical, unrealistic and incapable of implementation without badly damaging the fabric of the industry." Meanwhile, Ladbroke's non-casino interests appear to be roaring ahead and their contribution to total profits is expected to rise from £11.3m last year, to £17m-£18m this year and £28m in 1979. The official line seems to be that even if the casinos were to contribute nothing, 1979 profits are not going suddenly to collapse.

Assuming that casinos make at least £10m next year (against £13m this year) then Ladbroke's profits in 1979 could be of the order of £35m and might even go as high as £40m if the threatened casino tax increases can be headed off. Against this background the group is capitalised at £100m and the shares at 178p could be cheap. Selling in a prospective 1978 multiple of under 7. However, the suspicion remains that the casino operations are going to be hit hard here in the UK and the potential for overseas development appears to be limited. Meanwhile, the future strength of the non-casino operations is rather difficult to understand. Cash betting is having a good year and should continue to do well and the group is stressing its interest in hotel and motor inn development. Even so, it could be that Ladbroke will have to rely more heavily for future growth on its property profits, which hardly offer the sort of quality earnings that the group is so keen to acquire.

John Laing

The price of John Laing's "A" shares has risen from 125p in May—just ahead of the announcement of the scheme to split the company—to a peak 226p, regained last night as the market prepared for the formal documents, which reach shareholders this morning. The market capitalisation has therefore jumped by 89 per cent, or £54m—of which only about £14m can be explained by the buoyancy of share prices elsewhere in the construction and property sectors.

On the face of it, this is powerful justification for the group's claim that its mixture of chalk and cheese, of construction and property investment, has in the past tended to mask its true stock market value. But first the price has to swallow the virtual absence of any valuation bonus in the formal details of the scheme of arrangement: the investment properties turn out to be valued at £88.8m, just £3.3m more than the Board's estimate last May. Moreover the interim profits statement is being held back until October 30.

It turns out that of total group end-1977 net tangible assets of £133.8m, the property company will take in £84.1m. This might plausibly be valued in the equity market at just under £60m. By subtraction from the current global capitalisation of £122m the construction side should emerge as marginally the bigger brother in terms of capitalisation, and indeed at around £63m its historic p/e just under 8 on fully taxed 1977 earnings is closely in line with the sector average. So the current share price looks soundly based. But there could be some mutterings from the institutions over the perpetuation of the "voteless" "A" share element in both the new companies.

Matthews Wrightson

The shadow of Norwegian shipping troubles—where a consortium of shipowners is finding it difficult to keep up £4.4m a year charter payments—continues to dog Matthews Wrightson despite yesterday's good interim figures. The official news is that negotiations are proceeding cordially, and may well be resolved soon. But it remains impossible to guess what effect the eventual outcome will have. Presumably any changes in the charter terms would be reflected in future operating profits, as opposed to prior year figures as an extraordinary item.

The 40 per cent increase in pre-tax profits to £4.8m is once again distorted by extra bad debt provisions (possibly £250,000) after an extra £600,000 last time. But the underlying trend is for growth of around 15 per cent in broker-age fee income, while the expense ratio may have improved a little. Another distorting factor arises from the Middle East, where the problems of the Lebanon and the development of new offices elsewhere have depleted the profit contribution. Estimates of full-year profits vary between £8½m and £11m. Whatever the underlying result, it could be heavily reduced by the weakness of the U.S. and Canadian dollars. At 200p, the prospective yield is 7½ per cent.

'Smith and Nkomo meet'

By Bridget Bloom.

MR. IAN SMITH, the Rhodesian Prime Minister, met Mr. Joshua Nkomo, co-leader of the Patriotic Front, and President Kenneth Kaunda in Zambia on August 14, according to a spokesman of one of the parties in Rhodesia's transitional Government.

The purpose of the reported meeting, according to Joseph Masongomai, spokesman for the Rev. Sithole's Zanu, was to conclude a deal which would make Mr. Nkomo head of a transitional Rhodesian Government until elections could be held.

The Zanu statement added that Brig. Joseph Garbo, former Nigerian Commissioner for Foreign Affairs, was also present at the meeting.

In Salisbury last night there was no independent confirmation of the meeting. Though a white spokesman for the transitional Government which comprises Mr. Smith, Mr. Sithole, Bishop Muzorewa and Chief Chirau denied the reports, a spokesman for Bishop Muzorewa confirmed them.

There have been rumours for some weeks that Mr. Smith and Mr. Nkomo have had contacts, but as far as is known, Mr. Smith and President Kaunda have not met since last September. The presence of Brig Garba at such a meeting would add a new dimension to the search for a Rhodesian settlement.

If it took place, the meeting could prove of key importance both to the situation in Rhodesia and to Anglo American attempts to seek a settlement there.

Recently Mr. Smith has appeared much readier than either Mr. Sithole or Bishop Muzorewa to attend a proposed round table conference. It may be that he is trying to outflank his black colleagues whom he has virtually accused of not honouring their promises to end the guerilla war.

Before the report of a Smith/Nkomo meeting, Mr. Nkomo, who was at the funeral, suggested that there could be serious divisions within the four-man Rhodesian Executive Council.

Referring to Mr. Sithole's refusal to go to a conference, Mr. Nkomo said: "He is the man who should go. It may save him from disaster. If he is so stupid to say No to something that would save him, he might find himself without a Council."

Unions plan big effort to win votes for Labour

BY CHRISTIAN TYLER, LABOUR EDITOR

TUC LEADERS left no doubt yesterday that they intend to make next week's Congress the launching pad for Labour's general election campaign and that all the stops will be pulled out for a Labour victory.

General secretaries of more than 30 of the most prominent unions affiliated to the Labour Party were mobilised for a jointly-run programme of canvassing and speeches, especially in the marginal seats.

Mr. David Basnett, TUC chairman and head of the Trade Union Committee for a Labour victory, said the unions should aim to contribute a total of £1m for the campaign from political funds. His own union, the General and Municipal Workers, would be giving £100,000.

Mr. Len Murray, TUC general secretary, made it plain that the TUC, although a non-political body, had few qualms this time about declaring its unequivocal endorsement of Labour.

The general council decided yesterday to back a motion to that effect, the intended centre piece of this year's Congress, which will be taken on Tuesday after Mr. Callaghan has addressed the delegates.

Mr. Murray will speak to that motion which has been put down by the Engineering Union and congratulates the minority government on its achievements since it was returned to power in 1974.

The Post Office Engineering Union has added its expectation of a close working relationship between the trade union movement and "the next Labour government," and of further pro-union legislation.

The following day, Mr. Basnett's committee will meet Mr. Norman Atkinson, Labour Party treasurer, and Mr. Ron Hayward, general secretary, to say how much they will be putting into the war chest.

Activist

Once the election date is announced, the committee, working from a GMWU office near St. Pancras station in London, will monitor and respond to the issues as they emerge during the three week campaign.

It will help plan activist support in the constituencies, speeches from trade union leaders, and send in trade union volunteers to knock on doors. It is the first time that the unions have combined in this way for a general election campaign.

The only breath of controversy yesterday came at the general council meeting when Mr. Frank Chapple of the electricians refused to withdraw an amendment to a motion on East-West relations that spoke of "features of the Stalin era."

Mr. Chapple, a former Communist and now a bitter critic of Communists was asked to explain what the phrase meant and to withdraw it. The general council decided to oppose his amendment during the international debate next Thursday.

However, other motions dealing with similar topics like free trade unionism, including one deploring that "use of psychiatric treatment as a means of repressing trade union independence," will be left to Congress to decide without guidance from the platform.

Among other motions the general council wants to see removed from the agenda are both of those put down by the National Union of Journalists. One, seeking legislative backing for post-entry closed shops, was felt to raise too many legal problems, and the other, about the three journalists who are being prosecuted in a secrets case, was felt to be sub-judice.

Continued from Page 1

Peugeot chief's Chrysler hopes

centration of financial, manufacturing and research resources, enabling his group to "challenge successfully our major competitors."

Europe's "relatively fragmented and vulnerable" motor industry must pass from the stage of collaboration on certain manufacturing projects like components to "more global solutions" to face the challenge of giant U.S. companies making more universal models and Japanese concerns with a protected home market, undervalued currency and "special social and cultural benefits."

● Alan Price writes: M. Parayre's statement falls short of the two firm guarantees which British and other unions in the International Metalworkers' Federation decided on Wednesday must be met if the takeover went ahead.

These are that jobs be protected and that British and French factories do not lose their engineering technology, and simply assemble cars.

The unions will meet again in London to review the position after they have held discussions with Peugeot Citroen. The takeover plan will be discussed at the TUC next week.

An emergency motion by the Amalgamated Union of Engineering Workers demands direct union representation in any company taking over Chrysler UK.

The Association of Scientific, Technical and Managerial Staffs has an emergency motion expected to urge the Government to block the deal unless there are firm guarantees on jobs and protection for BL and component suppliers.

● John Elliott writes: The French announcement contained few if any surprises for the Government, which has studied the implications of the proposed takeover for the past three weeks.

But the fact that M. Parayre is prepared himself to meet British union leaders is regarded as a useful step forward. Traditionally he keeps out of the group's labour issues and leaves industrial relations to the operating subsidiaries.

In London representatives of Chrysler motor dealers backed the idea of the takeover and urged the Government to make its decision known quickly.

Representatives of the Motor Agents' Association and the Scottish Motor Trades Association told Mr. Bob Cryer, junior Industry Department Minister, that uncertainty over the future was leading to loss of confidence about Chrysler's prospects.

New paper may start next month

By John Lloyd

THE NEW popular tabloid national daily newspaper planned by Express Newspapers could be launched from Manchester next month.

Mr. Jocelyn Stevens, managing director of the Express group, said yesterday that as soon as agreement had been reached between the management and the Express unions in Manchester—any time after six weeks—the new paper could be launched.

Mr. Stevens was speaking after a three-hour meeting with the unions in Manchester. He will hold further meetings with union officials in London today.

The final decision whether to proceed with the new venture, which would compete with the Daily Mirror and the Sun, will be taken by Mr. Victor Matthews, chairman of Express Newspapers.

Mr. Stevens said: "It all depends on the arithmetic. Mr. Matthews will decide on the basis of the figures because he is a man interested in making a profit. I do not see any obstacle."

Plans by the Sun, now well advanced, to print in Scotland were not a factor in the decision. "The Sun could not be expected to gain more than about 200,000 extra copies by printing in Scotland. You do not launch a new newspaper to cover that sort of figure."

The new paper would be produced wholly from Manchester. It would entail the printing works in Great Ancoats Street producing four titles—the Daily Express, the Scottish Daily Express, the Sunday Express and the new paper.

Mr. Stevens said that he did not expect the new paper to take copies from the Daily Express, which was a family newspaper. Though losing money, the Daily Express was gaining sales; it had put on 150,000 copies over the past year.

UK agrees to join Airbus

Continued from Page 1

what aircraft it thinks best for its needs.

British Airways is prepared to reconsider its long-term need for the A-310, however, if it could have that aircraft with a version of the Rolls-Royce engine instead of the U.S. General Electric engine planned for the A-310. It is this formula which the UK wants accepted by France and West Germany.

After talks in London late on Wednesday, the matter was discussed in Bonn by Herr Martin Gruener, the State Secretary at the West German Economics Ministry, and M. Joel Le Theule, French Transport Minister. A decision is expected soon. The West Germans are known to be in favour, but the French are still believed to be sceptical.

If British Aerospace does join the European Airbus Industrie group, it will contribute upwards of £50m towards its share of the A-310 venture, probably building the wings. This money will be found by the Government under Section 45 of the Aircraft and Shipbuilding Nationalisation Act.

Work on the A-310 Airbus would provide jobs for 7,000 workers in British Aerospace, staving off fears of redundancy which had been growing as a result of the lack of new civil airframe work.

But, the UK Government made it clear that, by agreeing to allow British Aerospace to rejoin Airbus Industrie on the A-310, it was effectively ruling out any British Aerospace collaboration with Boeing on the 757 airframe.

Maurice Samuelson writes: Sir Kenneth Keith, chairman of Rolls-Royce, said yesterday that the Boeing deal was "the most significant event for the company since it was re-formed in 1971. I believe it is the key to our success in civil aviation right into the 21st century."

He was speaking at a joint Press conference also attended by Mr. Tex Boullioun, president of Boeing.

It would stabilise employment at Rolls, but Sir Kenneth did not foresee any addition to the work-force for this programme. Commenting on suggestions by Mr. Varley that more jobs would become available, he said: "I am not my master's keeper."

The engine also would be "ideally suited" for another aircraft, the 777, which Boeing was planning, and he hoped Rolls would win a portion of that market, too.

Rolls would have to increase its presence in the U.S. to provide overhaul and manufacturing facilities. Its British plant was geared to produce 20 engines a month, but any increase would require re-equipment.

Asked if the deal with Boeing affected UK co-operation in Europe, Sir Keith said that even if Rolls had the monopoly of business in Europe it would still only be able to sell 40 per cent of its products elsewhere. However, the European aviation industry had yet to coalesce and make up its mind about what it should build.

Mr. Boullioun said that, besides British Airways and Eastern, two other airlines were interested in buying the Boeing 757 with the Rolls engine Delta Airlines and American Airlines.

The new aircraft was intended to replace earlier ones, such as the 727s and 737s, which had been produced since 1958. He was hopeful that airlines would choose it when replacing non-Boeing jets.

Rolls had won the contract to build the engines for the first 757s because its salesmen had been more aggressive than those of the American competitors, such as Pratt and Whitney and General Electric. "Five years ago, we never saw Englishmen come to Seattle," he said.

John Wyles writes from New York: Eastern's decision to order 21 Boeing 757s brings the total value of orders placed by the airline this year to more than $1.4bn.

For many years one of the financially weaker of the U.S. trunk airlines, Mr. Charles J. Simmons, Eastern's vice-chairman, acknowledged yesterday that "essential equipment purchases would not have been possible" but for record profits in the last two years and the expectation of a new record in 1978.

The airline's total net income in 1976 and 1977 amounted to $69.8m and its profits for the year are expected to top $50m.

Eastern has led in new aircraft orders this year because the average age of its 246-strong fleet is more than nine years and it has an urgent need to phase out older, less efficient equipment.

Mr. Frank Borman, Eastern's chairman, said that the company had examined a variety of designs and had opted for the 757 because it "not only offers performance qualities equal to or exceeding any competing design but also features certain commonality with our present Boeing 727 airframes and RB211 power plants on the Lockheed L—1011."

News of the Eastern order pushed the Boeing share price up $3 to $71.

Weather

GENERALLY COOL

London, S.E. England, Channel Is., S.W. England, S. Wales
Mainly dry, becoming brighter. Max. 18C (64F).

E. Anglia, E. and N.E. England
Mostly cloudy, occasional showers. Max. 15C-17C (59F-63F).

Cent. Southern and Cent. Northern England, E. and W. Midlands
Bright or sunny intervals, isolated showers. Max. 16C-18C (61F-64F).

N.W. England, Lake District, S.W. Scotland, Glasgow, Cent. Highlands
Bright or sunny intervals. Max. 14C-16C (57F-61F).

Outlook: Becoming mainly dry

● Long-range forecast for September: Cool at first, giving way to changeable

BUSINESS CENTRES

	Y'day midday	°C	°F		Y'day midday	°C	°F
Amstdm.	C	14	57	Madrid	S	32	90
Athens	S	27	81	Manchstr.	R	11	52
Bahrain	S	36	97	Melbourne	F	17	62
Barcelona	C	24	75	Mexico C.	S	24	74
Belfast	C	13	55	Milan	S	23	73
Belgrade	R	12	54	Montreal	C	17	63
Berlin	F	15	59	Moscow	F	18	64
Brmghm.	R	12	54	Munich	R	10	50
Bristol	C	16	61	Newcastle	C	12	54
Brussels	C	13	55	New York	C	22	72
Budapest	F	16	61	Oslo	R	14	57
B. Aires	S	16	59	Paris	C	15	59
Cairo	S	32	90	Perth	C	19	66
Cardiff	R	13	59	Prague	R	12	54
Chicago	S	18	65	Reykjavik	C	10	50
Cologne	C	13	55	Rio de J'o	C	25	78
Copnhagn.	S	15	59	Rome	S	25	77
Dublin	R	14	57	Singapore	C	29	84
Edinburgh	R	14	57	Stockholm	R	13	55
Frankfurt	C	13	55	Strasbrg.	C	15	59
Geneva	C	14	57	Sydney	R	13	55
Glasgow	C	13	55	Tehran	S	31	88
Helsinki	C	14	57	Tel Aviv	S	28	82
H. Kong	S	30	86	Tokyo	C	29	84
Jo'burg	C	17	63	Toronto	S	19	65
Lisbon	S	27	81	Vienna	C	13	55
London	R	13	55	Warsaw	R	11	52
Luxemb'g	C	12	54	Zurich	C	8	46

HOLIDAY RESORTS

Ajaccio	S	26	79	Istanbul	S	24	75
Algiers	S	33	91	Jersey	F	17	63
Biarritz	F	21	70	Las Plms.	S	24	75
Blackpool	R	13	55	Locarno	S	23	73
Bordeaux	S	21	70	Majorca	S	27	81
Boulogne	C	14	57	Malaga	S	29	84
Casablnca.	F	25	77	Malta	S	30	86
Cape Town	R	15	58	Nairobi	S	21	69
Corfu	C	25	77	Naples	F	25	77
Dubrovnik	R	21	70	Nice	S	25	77
Faro	S	26	79	Oporto	F	21	70
Florence	F	23	73	Rhodes	S	27	81
Funchal	F	25	77	Salzburg	R	7	45
Gibraltar	R	26	79	Tangier	C	24	73
Guernsey	F	16	61	Tenerife	F	22	72
Innsbruck	R	11	52	Tunis	S	35	95
Inverness	C	14	57	Valencia	S	28	82
Isle of Man	C	13	55	Venice	F	30	86

S—Sunny. F—Fair. C—Cloudy. R—Rain.

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